Financial Report

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1. GENERAL CONSIDERATIONS

This document shows an analysis of the financial situation and results of the operations of ADL BIONATUR SOLUTIONS, S.A. and Dependent Companies registered during the first half of 2019, ending 30 June.

The attached abbreviated consolidated interim financial statements do not contain all the information that would be required for complete financial statements prepared in accordance with the applicable regulatory financial reporting framework. Therefore, these abbreviated consolidated interim financial statements must be read together with the annual accounts for the financial year ending 31 December 2018 for ADL BIONATUR SOLUTIONS, S.A. and Dependent Companies.

Relevant aspects regarding previous information published.

This document contains information and forecasting statements, which may be related to plans, objectives, estimates, intentions and expectations, among others. This information is typically identified by words such as “anticipating,” “expecting,” “estimating,” “prognosis,” “objective,” “intent,” “plan,” “will,” “may,” “should,” “could,” and similar expressions. The specific forecasting information provided in this document includes, but is not limited to, statements regarding the future operating of the company and financial results, its research and development activities, and its capital expenditure plans.

Due to their nature, this information and forecasting statements involve risks and uncertainties that could lead to the actual results differing from those expected. We believe the assumptions on which these forecasts are based to be reasonable, but we realise that these assumptions about future events, many of which are beyond our control, may alter the final outcome.

On future projections and developments

The ASL Bionatur Solutions Group informs its shareholders that these developments are subject to significant risks and uncertainties including, but not limited to, the general conditions of industry and competition; general economic factors including interest and exchange rate fluctuations; the impact of international law on industry; global trends towards the containment of spending on animal health; technological advances, new products and new competitor patents; challenges inherent to biological products under development; manufacturing problems or delays; the instability of the international economic situation or any instability in particular; or exposure to litigation by third parties, among others. Therefore, there can be no assurance that products under development will receive the necessary marketing approval or that they will be a commercial success, where applicable.

2. BUSINESS EVOLUTION INFORMATION AND EVENTS AFTER THE REPORTING PERIOD

2.1 Evolution of net sales and operating margin

The ADL BIONATUR SOLUTIONS Group has made progress in its business plan by meeting the goal of being a flexible, innovative and high-growth company, demonstrating its capacity to continue to grow and improve its results and financial strength. The total consolidated income* of the company in the first half of the year amounted in 2019 to €22.59M, an increase of over 138% regarding the income obtained in the same period of the 2018 financial year (€9.50M), with an increase in the activity of all the company's business areas, demonstrating the capacity for growth that ADL Bionatur has shown over recent years.

*The total consolidated income includes: Net Turnover, Other Operating Income, and Work performed by the company for its fixed assets.

The disclosure of income by area is set out below:

INCOME BY BUSINESS AREA				
€'000	1H 2019	1H 2018	Δ	Δ (%)
Fermentation	16,013	5,526	10,487	190 %
Pharma	1,893	1,714	179	10 %
R&D and Licensing Services	1,243	189	1,054	558 %
Other Income	1,524	1,074	450	42 %
SUBTOTAL	20,673	8,503	12,170	143 %
Work performed by the company	1,378	887	491	55 %
Imputation of grants	539	116	423	363 %
TOTAL	22,590	9,506	13,084	138 %

Fermentation

The amount of CMO sales in the first half of 2019, EUR 16,013 thousand, registered growth of EUR 10,487 thousand compared with the same period of 2018, a rise of 190%. This amount is already greater than the total figure for the area for the whole of 2018 (€15,671M).

Pharma

This area's income grew in the first six months of 2019 by 10% compared with the first half of 2018: EUR 179 thousand.

R&D and Licensing Services

An increase of EUR 1,054 thousand in the period January-June 2019, 558% higher than the first half of 2018, demonstrates the strength of the strategy focused on research and development with the aim of developing the company's own product portfolio in the fermentation area over the medium term.

2.2. Events after the balance sheet date

On 8 August 2019 the Group, through its subsidiary Antibióticos de León, S.L.U. ("ADL Biopharma"), signed a financing agreement for an amount of EUR 25,000,000, which can be increased by EUR 5,000,000 if so requested by Antibióticos de León S.L.U., in order to increase the productive capacity of the plant in response to growing demand for fermentation reflected in the long-term contracts that the company has signed with clients from a number of different industries, making it a strategic supplier in their value chain. Said operation provides the Group with sufficient finance to complete the implementation of its strategic plan for the next four years, and flexibility for future growth. Specifically, its main uses are to complete the financing of the growth of its activity, through the investments required to finalise the updating and modernisation of the facilities at the factory in León, to refinance debt and finance operating costs.

ADL Bionatur Solutions, S.A. through the company Antibióticos de León, S.L.U. ("ADL Biopharma") signed an addendum to the contract in force with one of the main fermentation clients for 2019, comprising an additional minimum of 2.5 million. This addendum will serve to increase production during the last quarter of the 2019 financial year, expanding production capacity already committed with this client, in response to its growing demand. The client is a leading global company in the nutrition, health and sustainable lifestyle sector, and the addendum refers to the development of a high-value-added food additive.

Antibióticos de León, S.L.U. ("ADL Biopharma"), a company of the ADL Bionatur Solutions S.A. Group, proceeded to renew a contract with one of its main clients for the financial year 2020. The original contract established for the financial years 2018 and 2019 was modified with two different extensions: the first in June 2018 and the second in December the same year, giving a final aggregate value of more than EUR 20 million. The contract signed for the financial year 2020, with a minimum value of EUR 12 million, establishes production by ADL of five molecules intended for the cosmetics and biofuels industries, with the possibility of renewal over future years.

ADL Bionatur Solutions, S.A. through the company Antibióticos de León, S.L.U. ("ADL Biopharma") signed a collaboration agreement with a major Japanese pharmaceutical company with an initial value of EUR 13 million and a duration of 5 years. This alliance forms part of the Business Division for the Production and Marketing of Active Pharmaceutical Ingredients (APIs), ADL Biopharma's own product, and a field in which this company is a flagship supplier. The Japanese company is one of the world's leading groups in the pharmaceutical market and is particularly prominent in the field of antibiotics, with a firm historical commitment to curing infectious diseases and developing medicines for the central nervous system.

ADL Bionatur Solutions, S.A. through the company Antibióticos de León, S.L.U. ("ADL Biopharma") signed a support and technological services contract on 18 September 2019 with one of its main clients, for a total amount of EUR 2,520,000.00.

3. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

An analysis is set out below of the consolidated financial statements for the first half of 2019 of the ADL Bionatur Solutions Group compared with the figures for the first part of 2018 for ADL Biopharma and two months for the Bionaturis Group, as the two entities merged two months prior to the close of the first half of 2018. The consolidated accounts for the first half of 2018 thus include the data for the acquiring party for accounting purposes, ADL Biopharma (Antibióticos de León), and two months of the following companies previously dependent on Bionaturis: • BBD Biophenix, • BBD Biophenix USA • BNT Pacific Limited • BNT China Bioscience, Co. Ltd • Zera Intein Protein Solutions, S.L.U. (hereinafter, also Zip Solutions).

The effect of the reverse acquisition operation and the accounting analysis criteria used have resulted in the analysis of data that is neither homogeneous nor comparable between the periods considered. This situation will become normal over the coming analysis periods. Data from the first half of 2019 was subject to limited review by the Company's auditor.

As shown below in the detail of the Profit and Loss Account at 30 June 2019, the company ended the half-year with positive EBITDA, thereby consolidating its growth in terms not only of income but also the operating result.

3.1 Consolidated Profit and Loss Account at 30 June 2019.

Profit and loss statement				
€'000	**1H 2019**	**1H 2018**	**Δ**	**Δ (%)**
Total operating income	**22,590**	**9,506**	**13,084**	**138 %**
Net turnover	19,413	7,593	11,820	156 %
Work performed by the company for its assets	1,378	886	492	56 %
Other income (including grant allocation)	1,799	1,027	772	75 %
Change in inventories	**1,269**	**(429)**	**1,698**	**396 %**
Total operating expenses	**(23,754)**	**(15,270)**	**8,484**	**56 %**
Sourcing	(9,498)	(3,102)	6,396	206 %
Staff costs	(7,589)	(5,560)	2,029	36 %
Other operating expenses	(6,489)	(6,549)	(60)	(1 %)
Other expenditure	(178)	(59)	119	202 %
EBITDA	**105**	**(6,193)**	**6,298**	**102 %**
Amortisation	(2,012)	(941)	1,071	114 %
Financial profit/(loss)	(907)	(1,250)	343	27 %
Pre-tax results	**(2,814)**	**(8,384)**	**5,570**	**66 %**
Corporate income tax	14	8	(7)	84 %
Profit(loss) for the year	**(2,799)**	**(8,376)**	**5,577**	**67 %**

STANDARDISED EBITDA*	**595**	**(5,969)**	**6,564**	**110 %**

In-house work on assets

The amount of this entry corresponds to the capitalisation of development expenses applied by the Group for an amount of EUR 1,378 thousand, a 55% increase compared with the first half of 2018, demonstrating the Group's focus on the development of its own new products and services, which are fundamental for the company's future growth.

Other operating income

The Group provides services for top-tier international companies in accordance with binding long-term contracts, generating income in the first half of 2019 of EUR 1,799 thousand, an increase of 75% on the same period the previous year.

Sourcing

During the first half of 2019 inventory supplies amounted to EUR 9,498 thousand, a very significant increase compared with the same period the previous year. This increase is directly related to the increase in Group turnover.

Staff costs

In the first six months of the financial year 2019 personnel expenses amounted to EUR 7,589 thousand, an increase of 36% compared with the same period in 2018. This increase was required as a response to the expansion in the company's productive capacity so as to be able to address the growing needs derived from the contracts in force. The total number of employees grew from 314 at the close of June 2018 to 355 at 30 June 2019, this increase being largely tied to the expansion of fermentation operations. The Group has established the dimensions required to fulfil the CDMO/CMO contracts signed over the next three years, and no significant increase in the workforce is expected over said period.

Other operating expenses

In the first half of 2019 the Operating Expenses entry amounted to EUR 6,489 thousand, 1% lower than the same period the previous year. This is explained mainly by the containment of general expenses and the optimisation of the company's structure.

Non-recurring expenses

This entry covers extraordinary provisions not tied to operations, in addition to other expenses that are not ordinary or recurrent in nature.

Standardised EBITDA (without non-recurring expenses)

The Group reveals an improvement of EUR 6,564 thousand in its Standardised EBITDA, in other words without taking into account non-recurrent expenses, amounting to a figure of EUR 595 thousand, marking a definitive change of course towards positive operating results.

3.2. Consolidated Balance Sheet at 30 June 2019.

The abbreviated consolidated interim financial statements at 30 June 2019 present as comparative figures from the balance sheet and explanatory notes, all of which are consolidated, those corresponding to the close of the previous 12-month financial year ended at 31 December 2018.

Consolidated Balance Sheet			
€'000	**30.06.2019**	**31.12.2018**	**Δ**
Non-current assets	**61,413**	**59,091**	**2,321**
Intangible fixed assets	14,608	14,558	49
Tangible fixed assets	39,649	37,370	2,279
Property investments	1,059	1,070	(11)
Non-current financial investments	1,285	1,281	4
Financial investments in group comp.	5	5	0
Deferred tax assets	4,806	4,806	(0)
Current assets	**22,896**	**20,611**	**2,284**
Stocks	8,101	6,558	1,543
Trade and other accounts receivable	9,378	8,930	448
Current financial investments	1,178	1,150	28
Current accruals and deferred income	25	23	2
Cash and cash equivalents	4,213	3,951	262
TOTAL ASSETS	**84,308**	**79,702**	**4,606**
Equity	**18,172**	**21,200**	**(3,028)**
Capital and reserves	16,780	19,915	(3,135)
Grants, donations and bequests	1,541	1,434	107
Minorities	(149)	(149)	(0)
Non-current liabilities	**37,670**	**38,616**	**(946)**
Non-current payables	27,990	30,665	(2,675)
Long-term financial debts with group companies	8,740	7,000	1,740
Deferred tax liabilities	941	652	(10)
Current liabilities	**28,466**	**19,886**	**8,580**
Short-term bank borrowings	16,679	8,844	7,834
Short-term provisions	156	218	(63)
Short-term financial debts with group companies	807	294	513
Trade and other accounts payable	10,825	10,530	296
TOTAL NET EQUITY AND LIABILITIES	**84,308**	**79,702**	**4,606**

Non-current assets

In the first half of 2019 the Tangible Fixed Assets entry increased by EUR 2,279 thousand as a result of the investments made in the modernisation and updating of the ADL Biopharma facilities.

Current assets

In the period ended at 30 June 2019 this caption increased by EUR 2,284 thousand, with increases in the Inventory Stock, Trade Receivables entry. The increase in the figure for receivables and inventory stock is consistent with the increase in turnover and the greater production required for sales.

Equity

During the first half of 2019 there was a drop in net equity because of the negative after-tax results for the period.

Non-current liabilities

At the close of 30 June 2019 there was a drop of EUR 923 thousand under this caption because of the reclassification of certain amounts to short-term, as seen in the attached Explanatory Notes.

Current liabilities

The Short-term debts increased essentially because of the need for greater operating capital as a consequence of the substantial growth in the company's turnover and the reclassification referred to under the above item.

4. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE TOGETHER WITH THE LIMITED REVIEW REPORT.

Report on Limited Review

ADL BIONATUR SOLUTIONS, S.A., AND SUBSIDIARIES
(formerly Bioorganic Research and Services, S.A.)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the six months ended
June 30, 2019

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Translation of Abbreviated Consolidated Interim Financial statement originally issued in Spanish. In the event of a discrepancy, the Spanish- language version prevails.

REPORT ON LIMITED REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019

To the shareholders of ADL BIONATUR SOLUTIONS S.A. (formerly Bioorganic Research and Services, S.A.) at the request of the Board of Directors:

Introduction

We have carried out a limited review of the accompanying consolidated condensed interim financial statements (hereinafter the consolidated interim financial statements) of ADL Bionatur Solutions, S.A. and subsidiaries, which comprise the balance sheet at June 30, 2019, the income statements, the statement of changes in equity, the cash flow statement, and the notes thereto, all of which have been condensed and consolidated, for the six months then ended. The directors of the Parent Company are responsible for the preparation of the interim financial statements, in accordance with the financial reporting framework applicable in Spain, which is identified in Note 3.a of the accompanying explanatory notes, and for such internal control as management determines necessary to enable the preparation of consolidated interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists in making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of accounts, no matter came to our attention that would lead us to conclude that the accompanying condensed consolidated interim financial statements for the six months ended June 30, 2019 do not express, in all material respects, a true and fair view of the financial position of ADL Bionatur Solutions, S.A. and Subsidiaries at June 30, 2019, as well as the results of its operations and changes in equity for the six-months then ended, in conformity with the applicable regulatory financial reporting framework and, in particular, the accounting principles and criteria established therein.

Emphasis of matter paragraphs

We draw attention to the matter described in accompany condensed explanatory Note 3.1, which indicates that the abovementioned accompanying condensed consolidated interim financial statements do not include all the information that would be required for complete financial statements prepared in accordance with the applicable financial reporting framework (which is identified in Note 3.1 to the accompanying condensed consolidated interim financial statements) and, in particular, with the accounting principles and criteria contained therein. Therefore, the accompanying condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018. This matter does not modify our conclusion.

As explained in accompanying explanatory Note 21.4, on December 29, 2016, the company Antibióticos de León S.L.U. was granted financial support by the Ministry of Industry, Energy, and Tourism for the reindustrialization and promotion of industrial competitiveness amounting to 15,590,499 euros. The amount granted represents 75% of the project's total eligible budget costs, which totaled 20,787,332 euros. On July 10, 2018, the Ministry notified the Company that the ultimate deadline for making investment expenditures outstanding at that date was February 24, 2019 and that issued payment documents were to be submitted no later than May 24, 2019. At the date of this report, duly supported planned investments represent 85% of the aforementioned eligible budget costs, that is, 17,700,096 euros. At the date of this report, the Company has made payments totaling 12,514,039 euros. The Company applied to the Ministry for an extension of the deadline for payments made subsequent to May 24, 2019, which totaled 1,823,051 euros. To date, it has not received any reply. This matter does not modify our conclusion.

In addition, as explained in accompanying explanatory Note 3.4, the Group has reported recurring losses for the last few years. At June 30, 2019, losses amounted to 2,799,870 euros (2018: 16,689,658 euros). At June 30, 2019, the Group has negative working capital of 5,570,379 euros (2018: positive working capital of 725,485 euros). To restore equity, on August 8, 2019, through its subsidiary Antibióticos de León, S.L.U., the Group signed a finance agreement amounting to 25,000,000 euros, which may be increased by 5,000,000 euros at Antibióticos de León, S.L.U.'s request and matures in four years. The related financing will be used to increase the plant's production capacity to meet the growing demand for fermentation reflected in the long-term contracts signed by the Company with its industrial clients. As a result of this arrangement, the Group has sufficient financing to finish carrying out the investments necessary to complete its upgrading and modernization of the León factory installations referred to above, refinance debt, and finance operating costs, thus enabling it to carry out the Business Plan approved by the Parent Company's Board of Directors in January 2019, in which they state that they expect the Group to generate profits at December 31, 2019. This matter does not modify our conclusion.

Restriction on distribution and use

This report was prepared at the request of ADL Bionatur Solutions, S.A. and subsidiaries solely in connection with the publication of the semi-annual financial report required by circular 6/2018 of Bolsas y Mercados Españoles Sistemas de Negociación, S.A (Alternative Stock Market) on "Information to be provided by expanding companies and SOCIMI incorporated for trading on the Alternative Stock Market" and, accordingly, it should not be used by third parties or for any other purpose without our prior written consent.

We accept no liability to third parties other than the addressees of this report.

ERNST & YOUNG

(Signed on original)

Carlos Hidalgo Andrés

October 9, 2019

ADL BIONATUR SOLUTIONS, S.A. AND SUBSIDIARY CORPORATIONS

Abbreviated Consolidated Interim Financial Statements at 30 June 2019

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AT 30 June 2019

ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 June 2019 AND 31 December 2018 (Expressed in Euros)

ASSETS	Note	30.06.2019 (unaudited)	31.12.2018 (audited) Re-expressed	EQUITY AND LIABILITIES	Note	30.06.2019 (unaudited)	31.12.2018 (audited) Re-expressed
A) NON-CURRENT ASSETS		**61,412,788.87**	**59,091,050.27**	**A) SHAREHOLDER EQUITY**		**18,172,066.50**	**21,200,183.04**
I. Intangible fixed assets	**8**	**14,607,781.04**	**14,558,420.28**	**A-1) Shareholders' funds**		**16,780,115.20**	**19,915,095.21**
1. Development		7,113,125.11	6,641,044.85	**I. Share capital**	**18.1**	**1,969,453.35**	**1,969,453.35**
2. Patents, licences, trademarks and similar		1,693,161.84	1,756,909.22	1. Issued capital		1,969,453.35	1,969,453.35
3. Goodwill		4,968,199.14	5,286,997.28	**II. Share premium**	**18.2**	**86,434,119.98**	**86,434,119.98**
4. Computer applications		174,628.29	173,945.12	**III. Reserves**	**18.2**	**(38,126,893.74)**	**(35,948,661.39)**
5. Other intangible fixed assets		182,000.00	182,000.00	1. Legal and pursuant to bye-laws		31,280.64	31,280.64
6. Client portfolio		476,666.66	517,523.81	2. Other reserves		(38,158,174.38)	(35,979,942.03)
II. Tangible fixed assets	**9**	**39,648,720.51**	**37,370,013.75**	**IV. (Shares and equity interests)**	**18.3**	**(411,586.36)**	**(375,151.97)**
1. Land and structures		11,647,345.85	11,753,981.54	**V. Profit/(loss) from prior years**		**(30,901,756.7)**	**(16,091,330.82)**
2. Plant and other tangible fixed assets		24,343,776.60	20,662,571.03	**VI. Other shareholders' contributions**		**616,324.44**	**616,324.44**
3. Assets in progress and advances		3,657,598.06	4,953,461.18	**VII. Profit (loss) for the year.**		**(2,799,545.77)**	**(16,689,658.38)**
III. Property investments	**10**	**1,059,440.73**	**1,070,180.43**	**A-2) Grants, donations and bequests received**	**20**	**1,541,074.06**	**1,433,763.10**
1. Land		82,127.46	82,127.46	**A-3) Minorities**	**19**	**(149,122.76)**	**(148,675.27)**
2. Buildings and structures		977,313.27	988,052.97				
IV. Long-term investments in group and associated companies		**5,400.00**	**5,000.00**				
1. Equity instruments		5,400.00	5,000.00				
V. Non-current financial investments		**1,285,259.11**	**1,281,248.33**				
1. Equity instruments	14	282,480.94	282,480.94				
2. Long-term debt securities	13	800,190.58	800,190.58	**B) NON-CURRENT LIABILITIES**		**37,670,343.57**	**38,616,352.51**
3. Other financial assets	14	202,587.59	198,576.81	**I. Non-current payables**	**21**	**27,989,663.51**	**30,664,807.95**
VI. Deferred tax assets	**23**	**4,806,187.48**	**4,806,187.48**	1. Bank borrowings	21.1	4,379,256.81	4,585,970.84
				2. Accounts payable under financial leasing	21.3	758,819.39	1,005,156.10
B) CURRENT ASSETS		**22,896,035.22**	**20,611,399.96**	3. Other financial liabilities	21.4	22,851,587.31	25,073,681.01
I. Stocks	**15**	**8,101,005.31**	**6,557,560.94**	**II. Long-term debts with group and associated companies**	**27**	**8,739,500.00**	**7,000,000.00**
1. Trade		27,661.30	27,251.64	**III. Deferred tax liabilities**	**23**	**941,180.06**	**951,544.56**
2. Raw materials and other consumables		2,905,783.67	2,979,925.80				
3. Work in progress		1,345,764.11	889,228.00				
4. Finished goods		2,773,809.12	1,865,767.42				
5. Advance payments to suppliers		1,047,987.11	795,388.08				
II. Trade and other accounts receivable		**9,378,170.34**	**8,929,720.47**				
1. Trade receivables	16	6,441,290.22	6,876,311.21	**C) CURRENT LIABILITIES**		**28,466,414.03**	**19,885,914.68**
2. Debtors	16	181,531.02	354,458.39	**I. Short-term provisions**		**155,521.54**	**218,116.48**
3. Employee receivables	16	202,243.31	39,791.87	**II. Short-term payables**	**21**	**16,678,887.60**	**8,844,429.56**
4. Current tax assets	23	166,742.93	163,305.48	1. Bank borrowings	21.1	6,769,237.13	5,598,465.12
5. Other receivables from public authorities	23	2,386,362.86	1,495,853.52	2. Accounts payable under financial leasing	21.3	486,987.12	481,356.51
III. Current financial investments		**1,178,088.30**	**1,150,075.33**	3. Other financial liabilities	21.4	9,422,663.35	2,764,607.93
1. Loans to companies	14	10,713.76	9,113.76	**III. Short-term debts with group and associated companies**	**27**	**806,885.08**	**293,863.05**
2. Other financial assets	14	1,167,374.54	1,140,961.57	**IV. Trade and other accounts payable**		**10,825,119.81**	**10,529,505.59**
IV. Current accruals and deferred income		**25,379.88**	**22,907.23**	1. Suppliers	22	4,352,692.54	5,289,772.81
V. Cash and cash equivalents	**17**	**4,213,391.39**	**3,951,135.99**	2. Sundry accounts payable	22	5,202,207.50	3,980,383.45
1. Cash at bank and in hand		4,151,984.38	3,910,980.71	3. Employee receivables	22	630,192.94	631,364.77
2. Cash equivalents		61,407.01	40,155.28	4. Other payables to public authorities	23	640,026.83	627,984.56
TOTAL ASSETS		**84,308,824-09**	**79,702,450-23**	**TOTAL NET EQUITY AND LIABILITIES**		**84,308,824.09**	**79,702,450.23**

ABBREVIATED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE SIX-MONTH PERIODS ENDING 30 June 2019 AND 30 June 2018 (Expressed in Euros)

	Note	30.06.2019 (unaudited)	30.06.2018 (unaudited) Re-expressed
A) CONTINUING OPERATIONS			
1. Net turnover	**24.1**	**19,413,057.50**	**7,593,328.09**
a) Sales		14,645,216.07	4,140,431.78
b) Services		4,767,841.43	3,452,896.31
2. Changes in inventories of finished goods and work in progress	**15 -24.2**	**1,269,220.79**	**(429,413.97)**
3. In-house work on assets		**1,377,843.42**	**886,900.96**
4. Sourcing	**24.3**	**(9,498,211.45)**	**(3,101,731.91)**
a) Consumption of goods purchased for resale		(99.96)	(482.60)
b) Consumption of raw materials and other supplies		(8,510,194.48)	(2,764,776.59)
c) Work performed by other companies		(987,917.01)	(336,472.72)
5. Other operating income	**24.4**	**1,261,640.71**	**941,829.15**
a) Non-operating income and other operating income		1,260,352.78	909,966.79
b) Operating grants included in income/loss for the period		1,287.93	31,862.36
6. Staff costs	**24.5**	**(7,588,570.90)**	**(5,559,570.75)**
a) Wages, salaries and similar expenses		(5,990,908.94)	(4,351,216.94)
b) Staff welfare expenses		(1,575,088.16)	(1,145,420.59)
c) Other welfare expenses		(22,573.80)	(62,933.22)
7. Other operating expenses	**24.6**	**(6,489,050.89)**	**(6,549,010.99)**
a) External services		(6,188,212.87)	(6,240,712.17)
b) Taxes		(274,974.44)	(249,376.96)
c) Losses, impairment and changes in operating provisions	**16**	(25,850.00)	(58,913.60)
d) Other administrative expenses		(13.59)	(8.26)
8. Depreciation of fixed assets	**8 – 9 - 10**	**(2,012,202.39)**	**(941,415.90))**
9. Non-financial and other capital grants recognised in profit and loss		**537,215.93**	**85,369.54**
10. Other profit or loss		**(178,180.68)**	**(59,667.75)**
OPERATING INCOME		**(1,907,237.96)**	**(7,133,383.53)**
11. Financial income	**24.8**	**3,719.36**	**501.70**
a) Marketable securities and other financial instruments		3,719.36	501.70
a1) Third parties		3,719.36	501.70
12. Financial expenses	**24.8**	**(899,743.23)**	**(407,462.89)**
a) On payables to Group and associated companies		(297,814.25)	(79,379.28)
b) On debts with third parties		(601,928.98)	(328,083.61)
13. Change in fair value on financial instruments	**24.8**	**-**	**5,048.44**
a) Assets held for trading and others		-	5,048.44
14. Exchange differences	**24.8**	**(10,855.04)**	**(28,747.43)**
15. Impairment losses and gains (losses) on disposal of financial instruments	**24.8**	**-**	**(819,921.63)**
a) Income/loss from disposals and others		-	(819,921.63)
FINANCIAL PROFIT/(LOSS)		**(906,878.91)**	**(1,250,581.81)**
PROFIT/(LOSS) BEFORE TAX		**(2,814,116.87)**	**(8,383,965.34)**
16. Corporate income tax		**14,247.33**	**7,708.24**
PROFIT(LOSS) FOR THE YEAR		**(2,799,869.54)**	**(8,376,257.10)**
Result disposable for controlling company		**(2,799,545.77)**	**(8,361,320.21)**
Result attributed to minority interests		**(323.77)**	**(14,936.89)**

ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO NET WORTH CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 June 2019 AND 30 June 2018 (Expressed in Euros)

A) CONSOLIDATED INTERIM STATEMENT OF DECLARED INCOME AND EXPENSES FOR THE PERIOD ENDED 30 JUNE 2019 AND 30 JUNE 2018

			30.06.2019 (unaudited)	30.06.2018 (unaudited) Re-expressed
A)	**Profit or loss result**		**(2,799,869.54)**	**(8.376,257,10)**
B)	**Income and expenses charged directly to equity**			
	I.	By valuation of financial instruments	-	-
	II.	Through cash flow hedges	-	-
	III.	Grants, donations and bequests received	680,297.22	306,122.54
	IV.	Actuarial gains and losses and other adjustments	-	-
	V.	Tax effect	(170,074.32)	(76,530.64)
Total income and expenditure charged directly to equity			**510,222.90**	**229,591.90**
C)	**Transfers to the profit and loss statement**			
	VI.	By valuation of financial instruments	-	-
	VII.	Through cash flow hedges	-	-
	VIII.	Grants, donations and bequests received	(537,215.93)	(85,369.54)
		Conversion differences	-	-
	IX.	Tax effect	134,303.98	21,342.39
Total transfers to the profit and loss statement			**(402,911.95)**	**(64,027.15)**
TOTAL DECLARED INCOME AND EXPENDITURE			**(2,692,558.59)**	**(8,210,692.35)**

B) ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES TO NET WORTH CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 June 2019 AND 30 June 2018 (Expressed in Euros)

	Share capital	Share premium	Reserves	Profit/(loss) from prior years	Own shares held	Shareholders' contributions	Profit(loss) for the year	Government grants	Minorities	TOTAL
BALANCE AT 31 December 2017	**254,509.00**	**-**	**29,797,978.55**	**(3,929,872.72)**	**-**	**531,324.44**	**(12,161,458.10)**	**31,361.39**	**-**	**14,523,842.56**
I. Total declared income and expenditure	-	-	-	-	-	-	(8,361,320.21)	165,564.75	(14,936.89)	(8,210,692.35)
II. Transactions with shareholders and owners	-	-	-	-	-	-	-	-	-	-
III. Other changes in Net Worth	-	-	-	(12,161,458.10)	-	-	12,161,458.10	-	-	-
Movements by business combination and capital expansion	1,442,217.05	74,706,846.08	(65,299,149.35)	-	(113,532.36)	85,000.00	-	1,180,855.17	(130,612.25)	11,871,624.34
BALANCE AT 30 JUNE 2018 (unaudited) Re-expressed	**1,696,726.05**	**74,706,846.08**	**(35,501,170.80)**	**(16,091,330.82)**	**(113,532.36)**	**616,324.44**	(8,361,320.21)	**1,377,781.31**	(145,549.14)	18,183,449.29

BALANCE AT 31 DECEMBER 2018 Re-Expressed	1,969,453.35	86,434,119.98	(35,948,661.39)	(16,091,330.82)	(375,151.97)	616,324.44	(16,689,658.38)	1,433,763.10	(148,675.27)	21,200,183.04
I. Total declared income and expenditure	-	-	-	-	-	-	(2,799,545.77)	107,310.96	(323.78)	(2,692,558.59)
II. Transactions with shareholders and owners	-	-	-	-	-	-	-	-	-	-
III. Other changes in Net Worth	-	-	(2,178,232.35)	(14,810,425.88)	(36,434.39)	-	16,689,658.38	-	(123.71)	(335,557.95)
BALANCE AT 30 June 2019 (unaudited)	1,969,453.35	86,434,119.98	(38,126,893.74)	(30,901,756.70)	(411,586.36)	616,324.44	(2,799,545.77)	1,541,074.06	(149,122.76)	18,172,066.50

CONSOLIDATED INTERIM CASH FLOW STATEMENT CORRESPONDING TO THE SIX-MONTH PERIODS ENDING 30 June 2019 AND 31 December 2018 (Expressed in Euros)

	NOTES	30.06.2019 (unaudited)	30/06/2018 (unaudited)
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit / (loss) for the year before tax		**(2,814,116.87)**	**(8,383,965.34)**
2. Profit or loss adjustments		**2,585,896.04**	**1,896,378.25**
a) Depreciation of fixed assets (+)	8.9.10	2,012,202.39	941,415.90
b) Valuation corrections through impairment (+/ -)	24,2	-	(328,831.27)
c) Changes in provisions (+/-)	24,6	-	58,913.60
d) Imputation of Grants (-)		(537,215.93)	(85,369.54)
f) Impairment and results through disposals of financial instruments (+/-)	24,8	-	819,921.63
g) Financial income (-)	24,8	(3,719.36)	(501.70)
h) Financial expenses (+)	24,8	899,743.23	407,462.89
i) Exchange rate differences (+/-)	24,8	10,855.04	28,747.43
j) Change in fair value in financial instruments (+/-)	24,8	25,849.99	(5,048.44)
k) Other income and expenses (-/+)		178,180.68	59,667.75
3. Changes in current capital		**(1,789,360.59)**	**1,072,262.90**
a) Inventory stock (+/-)	15	(1,543,444.37)	556,512.92
b) Debtors and other receivables (+/-)	16	(448,449.87)	(2,317,003.58)
c) Other current assets (+/-)		(30,485.62)	-
d) Creditors and other payables (+/-)		295,614.22	1,935,659.00
e) Other current liabilities (+/-)		(62,594.94)	897,094.56
4. Other cash flows from operating activities		**(598,209.62)**	**(222,268.13)**
a) Interest payments (-)		(601,928.98)	(222,769.83)
c) Interest collected (+)		3,719.36	501.70
5. Cash flows from operating activities (+/- 1 +/- 2 +/- 3 +/- 4)		**(2,615,791.04)**	**(5,637,592.32)**
B) CASHFLOWS FROM INVESTMENT ACTIVITIES			
6. Investment payments (-)		**(1,319,225.01)**	**(3,262,392.63)**
b) Intangible fixed assets	8	(1,022,231.17)	(748,891.03)
c) Property, plant and equipment	9	(296,993.84)	(2,513,501.60)
7. Divestment collections (+)		**-**	**2,007,040.49**
e) Other financial assets		-	1,746,945.34
h) Cash from the business combination	6	-	260,095.15
8. Cashflows from investment activities (7-6)		**(1,319,225.01)**	**(1,255,352.14)**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Receipts and payments through equity instruments		**144,770.41**	**-**
c) Acquisition of equity instruments (-)		(36,434.39)	-
e) Grants, donations and bequests received (+)		181,204.80	-
10. Financial liability collections and payments		**4,063,356.07**	**5,063,161.09**
a) Issuance		**8,314,608.34**	**5,579,198.30**
1. Debentures and other negotiable securities (+)		-	
2. Bank borrowings (+)		4,875,108.34	5,551,726.03
3. Payables to group and associate companies (+)		1,739,500.00	27,472.27
4. Other accounts payable (+)		1,700,000.00	
b) Repayment and amortisation of		**(4,251,252.27)**	**(516,037.21)**
2. Bank borrowings (-)		(4,151,756.36)	(516,037.21)
4. Other debts (-)		(99,495.91)	-
12. Cashflows from financing activities (+/-9+/-10-11)		**4,208,126.48**	**5,063,161.09**
D) EFFECT OF EXCHANGE RATE VARIATIONS		***(10,855.04)***	***(28,747.43)***
E) NET INCREASE/REDUCTION OF CASH AND EQUIVALENTS (+/- 5 +/-8 +/- 12 +/- D)		**262,255.40**	**(1,858,530.80)**
Cash and cash equivalents at the beginning of the financial year	17	3,951,135.99	2,502,622.73
Cash and cash equivalents at the end of the financial year	17	4,213,391.39	644,091.93

EXPLANATORY NOTES ON THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 June 2019 (IN EUROS)

1. Group companies

1.1 Controlling Company

ADL BIONATUR SOLUTIONS, S.A. (hereinafter, the Company), formerly known as BIOORGANIC RESEARCH AND SERVICES, S.A., was incorporated in Spain on 1 March 2005 as a limited company under protocol number 282, for an indefinite period of time. It was listed in the Companies Register of Cadiz on 1 April 2005 under Volume 1735, Folio 94, Section 8, Sheet CA-29531.

The Company deposits its consolidated financial statements with the Companies Register of Cadiz. The last consolidated annual accounts formulated on 28 March 2019 were those corresponding to the financial year ending 2018, with the latest Abbreviated Consolidated Interim Financial Statements corresponding to the six-month period ending 30 June 2018, drawn up on 22 October 2018.

The company conducts its business from its registered offices located at El Parque Tecnológico Agroindustrial in Jerez de la Frontera.

The corporate purpose of the Company covers:

- The research, development and production of biotechnology solutions to improve the health and well-being of humans and animals.
- The implementation of research and development services related to the preceding section.
- The development, acquisition, transfer and operation of industrial and intellectual property rights.
- The marketing, distribution, exporting and importing of the products indicated in the sections above.
- The acquisition, holding and direct or indirect administration of shares, corporate holdings, shareholdings and any other form of stake or interest in the shared capital and/or securities entitling acquisition of such shares, corporate holdings, shareholdings or interest in companies of any nature and entities with or without legal personality, incorporated either under Spanish law or under any other applicable law, and the administration and management of such companies and entities, whether directly or indirectly, by holding, assisting with or the exercise of positions on any body for the governance or management of such companies or entities.

On 26 January 2012, the company listed its shares on the alternative stock market (Mercado Alternativo Bursátil) of the expanding business segment (MAB-EE).

On 25 April 2018, the company name was changed and the company became "ADL BIONATUR SOLUTIONS, S.A." (formerly BIOORGANIC RESEARCH AND SERVICES, S.A.) with the subsequent amendment of the Articles of Association and of the Regulation of the General Meeting of Shareholders.

1.2 Subsidiary corporations

Subsidiary means any entity that is controlled or which could be controlled directly or indirectly by the Group, this being understood to mean the authority to manage the financial and operating policies of a business for the purpose of obtaining financial profits from its activities. When assessing whether the

Group controls another entity, the existence and effect of the potential voting rights that are currently exercisable or convertible are considered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which this ends.

The breakdown of subsidiaries of the Group at 30 June 2019 is as follows:

Business name	Registered office	Country	Participating company	%	Business
ANTIBIÓTICOS DE LEÓN, S.L.U.	Leon	Spain	AdL Bionatur Solutions, S.A.	100	Product manufacturing basic pharmaceutical comp
BBD BIOPHENIX S.L.U.	San Sebastián	Spain	AdL Bionatur Solutions, S.A.	100	Biotechnology Company
BNT PACIFIC LIMITED	Hong Kong	Hong Kong	AdL Bionatur Solutions, S.A.	70	Biotechnology Company
BBD BIOPHENIX USA	Maryland	USA	BBD Biophenix SLU	100	Biotechnology Company
BNT CHINA BIOSCIENCE CO. LTD.	Jiangsu Changsu	China	Bnt Pacific Limited	100	Biotechnology Company
PPYC	Madrid	Spain	AdL Bionatur Solutions, S.A.	100	Biotechnology Company
ZERA INTEIN PROTEIN SOLUTIONS,SLU	Barcelona	Spain	AdL Bionatur Solutions, S.A.	100	Biotechnology Company

The full consolidation method is used for consolidation purposes.

On 30 November 2017, the Company entered into an agreement of binding intentions (the "Binding Agreement") with Antibióticos de León, S.L.U., whereby BTC One S.à.r.l., as the Sole Partner of Antibióticos de León, undertakes to fully enter into the shareholder capital expansion of ADL Bionatur Solutions through the non-monetary contribution of the equity of Antibióticos de León.

As a result of the aforementioned corporate operation, Antibióticos de León is now a subsidiary company of ADL Bionatur Solutions, S.A. Since the sole shareholder of Antibióticos de León holds 85% of the resulting group, Antibióticos is considered the book purchaser. It is, therefore, a "reverse" acquisition that is characterized by posting the legally acquired company (Antibióticos de León, S.L.U.) as the book purchaser and the legally acquiring company (ADL Bionatur Solutions, S.A.) as the book company purchased.

The acquisition described determines a stock ratio of 28,844,342 newly created, ordinary shares in ADL Bionatur Solutions with a nominal value of five cents each, in exchange for the 29,774,530 shares in Antibióticos de León, with a nominal value of one euro each (100% of the Antibióticos share capital). The difference between the fair value of the equity received from Antibióticos by ADL Bionatur Solutions under reverse acquisition and the nominal value of the new shares is assigned to the issue premium (€74,706,846). This exchange equation was subject to verification by an independent expert appointed by the Companies Register.

The capital increase was approved by the General Meeting of Shareholders of ADL Bionatur Solutions and the Sole Shareholder of Antibióticos de León on 25 April 2018 and entered in the Companies Register of Cádiz on 26 April 2018.

As a result of the exchange described in the previous paragraph, the share capital of ADL Bionatur Group, after the Effective Date of Purchase, was distributed as follows:

Shareholder	Approximate shareholding percentage
BTC Un S.à.r.l.	85%
Víctor Manuel Infante Viñolo	6%
Other shareholders	9%

At the Extraordinary General Meeting of Shareholders held on 13 July 2018, it was agreed to increase the share capital of AdL Bionatur Solutions with monetary contributions and exclusion of the right of pre-emption by a nominal amount of EUR 272,727.30, by issuing and putting into circulation 5,454,546 new ordinary shares of a par value of EUR 0.05 each and a minimum share premium of EUR 2.15 per share. This increase was entered in the Companies Register of Cádiz on 23 July 2018.

Following this capital increase, the Group's capital stock now amounts to EUR 1,969,453.35, divided into 39,389,067 shares of a par value of EUR 0.05 each, of a single class and series. As a result, the capital stock of ADL Bionatur Group is distributed as follows:

Shareholder	Approximate shareholding percentage
BTC Un S.à.r.l.	73.23%
Víctor Manuel Infante Viñolo	5.08%
Other shareholders	21.69%

On 28 April 2016, the Controlling Company of the consolidated group Bioorganic Research and Services S.A. acquired 100% of the shares of the company Zera Intein Protein Solutions SLU ("ZIP") for the sum of EUR 1,600,000. ZIP is a biotechnology company headquartered in the Parc de Recerca of the Universidad Autónoma de Barcelona that develops technologies for the production of recombinant peptides and proteins of both therapeutic and industrial interest. It also markets its own Zera® and Splittera® tools, which facilitate the production and purification of difficult-to-express biological compounds and improve the production capacity of cellular systems. ZIP technology solutions are applicable in the biotech, pharmaceutical, veterinary and industrial sectors.

Founded in March 2015, ZIP inherited the assets of Era Biotech, set up in 2002 as a spin-off of the Universidad Autónoma de Barcelona. ZIP has a three-person team led by Miriam Bastida and a portfolio of seven patent families.

On 17 March 2016, a company was established in China under the name BNT China Biosciences Co LTD., a 100% subsidiary company of the company BNT Pacific Limited, 70% owned by Bioorganic Research and Services S.A. This is the company designated for the development and marketing of the Group's products and services in Southeast Asia.

During the period from 1 January 2019 to 30 June 2019, BNT China Biosciences Co. Ltd. was inactive.

The assumptions determining their classification as subsidiaries are those set out in Article 2 of the NOFCAC (Rules for the formulation of consolidated financial statements), which state:

1.-When the controlling company is in any of the following situations in relation to the other (subsidiary) company:

a) The controlling company holds the majority of the voting rights.
b) The controlling company has the authority to appoint or remove the majority of the board members.
c) The controlling company may, under agreements entered into with other shareholders, hold the majority of the voting rights.
d) The controlling company has appointed the majority of the members of the board with its votes and these latter are in their position at the time when the consolidated accounts must be drawn up and during the two years immediately prior. This is presumed to be the situation when the majority of the members of the board of the subsidiary are members of the board or senior management of the controlling company, or of another subsidiary of the controlling company.

2.-When a controlling company owns half or less of the voting rights, even when it holds virtually no stake or no stake at all in another company, or when the management authority has not been specified (special purpose entities), but it has a share in the risks and profits of the entity, or has the capacity to participate in the operating and financial decisions of the company.

The financial year of all subsidiaries ends on 31 December.

2. Associated and multi-group companies

2.1 Associated companies

Associated companies means an entity over which any of the companies included in the consolidation exercise significant influence. It is understood that there is significant influence when the Group has a stake in the company and the authority to intervene in its financial and operating policy decisions, without being in control.

There were no associate companies within the consolidation scope of the Group at 30 June 2019 or 30 June 2018.

2.2 Sociedades multigrupo

A multi-group company is one that is managed by the Group jointly with other companies outside the Group.

There were no multi-group companies within the consolidation scope of the Group at 30 June 2019 or 30 June 2018.

3. Bases de presentación de los estados financieros intermedios consolidados condensados

3.1. Imagen fiel

The interim financial statements have been prepared based on the accounting records of the company ADL BIONATUR SOLUTIONS, S.A. and subsidiary corporations and include the adjustments and reclassifications necessary to ensure consistency with the timing and valuation policies adopted by the Group.

The attached abbreviated consolidated interim financial statements do not include all the information required of complete financial statements prepared in accordance with the applicable regulatory framework for financial information, as identified in this same note, and in particular with the accounting principles and criteria contained therein. Therefore, these abbreviated consolidated interim financial statements must be read together with the annual accounts for the financial year ending 31 December 2018 for ADL Bionatur Solutions, S.A. and Antibióticos de León, S.L.

These interim financial statements are presented in accordance with current commercial legislation, as set out in the Code of Commerce reformed under Law 16/2007, of 4 July 2007, on the reform and adaptation of commercial legislation in accounting matters for international harmonisation based on the regulations of the European Union, Royal Decree 1514/2007, of 20 November 2007, approving the General Chart of Accounts, and Royal Decree 1159/2010, of 17 September 2010, approving the rules for the formulation of consolidated financial statements, in all matters not contradicting the provisions of the aforementioned commercial reform, so as to provide a true and fair view of the Group's net worth, financial position and results, as well as the truthfulness of the cash flows included in the consolidated statement of cash flows.

Financial year 2014 was the first year in which the Group was established.

The Abbreviated Consolidated Interim Financial Statements for the six-month period ending 30 June 2019 were issued by the Board of Directors on 9 October 2019.

3.2. Non-mandatory accounting principles

Non-mandatory accounting principles are not applied.

3.3. Critical aspects of the measurement and estimation of uncertainty

The preparation of interim financial statements requires the use of certain future estimations and judgements that are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Business in China and Southeast Asia.

ADL BIONATUR SOLUTIONS, S.A. on 10 December granted a loan for a maximum amount of EUR 500 thousand with a two-year maturity and a fixed interest rate of 6% to the Group company BNT PACIFIC Limited. At 30 June 2019, the loan was due and pending collection.

The outstanding balance on this debt 30 June 2019 amounted to EUR 445 thousand (EUR 389 thousand at 30 June 2018). The purpose of the loan is to finance the launch of the business in China and Southeast Asia. BNT PACIFIC signed a strategic advisory agreement for a number of purposes, including the establishment of the company, the search for financing in China and Hong Kong, relations with public and private authorities, etc.

Thanks to the arrangements made through BNT Pacific and BNT China Biosciences, the group has started several new-generation vaccine antigen evaluation programmes for the main diseases affecting poultry, pork and beef production (milk and meat), including the antigens known internally as BNT007, BNT010 and BNT015.

Despite the above information relating to the expansion plan, the directors of the controlling company are aware of the inherent risks of such a business, particularly in countries such as these and their area of action, where there is a great deal of administrative bureaucracy and the procedures for obtaining permits, licences and other business authorisations can be extremely drawn-out and difficult compared to the European reference framework.

Therefore, achievement of the expansion goals set by the Group for this new business plan will depend largely on overcoming the administrative barriers put in place by the Chinese authorities and obtaining all the necessary permits, which obviously requires us to class this investment as high risk. Its recoverability, therefore, performed by the subsidiaries, will also depend on the business plans outlined above.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or judgements with a significant risk of giving rise to a material adjustment in the book values of assets and liabilities in the next fiscal year are now discussed.

3.3.1. Changes in estimates

Furthermore, although the estimates made by the Group Directors have been calculated based on the best information available at 30 June 2019, it is possible that future events may require the modification thereof in the coming years. The effect of changes on the financial statements resulting, if any, from adjustments made in subsequent years are recognised prospectively.

3.3.2.-Estimated loss on impairment of consolidated goodwill

Each year, the Group checks whether the consolidated goodwill has suffered any impairment losses, in accordance with the accounting policy of Note 4.3.1.

The amounts recoverable from cash-generating units have been determined based on calculations of value in use. These calculations require the use of estimations. Discounted cash flow calculations are based on five-year projections of the last Business Plan approved by the Directors of the Controlling Company. These flows consider past experience and represent the best estimate of future market performance. Cash flows from the fifth year onwards are extrapolated using individual growth rates. The key assumptions for determining fair value less selling costs and value in use include growth rates, the weighted average capital rate and tax rates.

3.3.3.-Income tax

The Group is only subject to income tax in Spain. It also recognises liabilities for potential tax claims based on an estimate of whether additional taxes will be necessary. When the final tax result of these matters differs from the amounts initially recognised, these differences will have an effect on income tax and deferred tax provisions in the year in which the determination is made.

Income tax expense (income) is the amount accrued for the latter concept over the year and includes both current and deferred tax expense (income).

The expense (income) for both current and deferred tax is recorded in the profit and loss account. However, the tax effect relating to items recorded directly in equity are recognised in equity.
Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the regulations in force or approved on the date of the abbreviated consolidated interim financial statements.

Deferred taxes are calculated by the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their book values. Nonetheless, if the deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) they are not recognised. Deferred tax is measured by applying the tax rates and laws enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that future tax gains are likely to be available to offset temporary differences.

Tax credits are recognised for tax loss carryforwards and deductions pending offsetting where their recovery is reasonably assured through future profits, supported by a business plan.

3.3.4.-Useful lives of the plant and equipment of the technology division

The directors of the Group determine the estimated useful lives and corresponding depreciation charges. This estimate is based on projected product life cycles for its high technology segment.

The Group has estimated that some of its intangible assets (Development) have a useful life of 5 years. This estimate is based on the study of the perspectives of future business of the technology developed and taking into account general pharmaceutical practice.

At year-end, the Group checks that capitalised projects are still technically and economically viable, thereby ensuring the recoverability of development costs.

The Directors of the Controlling Company are not aware of any threats jeopardising the estimations used to the interim financial statements.

3.3.5.-Comparison of information

The abbreviated consolidated interim financial statements at 30 June 2019 present as comparative figures from the balance sheet, statement of changes in Net Equity, statement of cash flows and explanatory notes, all of them consolidated, those corresponding to the close of the previous 12-month financial year ended at 31 December 2018 or, where applicable, and for the profit and loss account, the interim period of six months ended at 30 June 2018.

These figures at 31 December 2018 and 30 June 2018 were re-expressed as a consequence of the definitive appraisal valuation of net assets acquired in the business combination performed in April 2018 (Note 6).

3.3.6 Grouping of entries

Over the year, no aggregate headings have been used in the balance sheet, profit and loss account, statement of changes in net equity or statement of cash flows.

3.3.7.-Elements organised under multiple headings

There are no elements included in different headings in the accounts.

3.3.8. Changes in accounting policy

There have been no changes in the accounting policy applied previously.

3.3.9.-Correction of errors

No significant accounting error corrections have been made.

3.3.10. Transactions between companies within the scope of consolidation

All companies within the consolidation scope close their accounts on the same date, so this circumstance has not taken place.

3.4 Going concern

The Group has posted recurrent losses in recent years. Losses at 30 June 2019 amounted to EUR 2,799,869.54 (EUR 16,689,658.38 at 31 December 2018).

At 30 June 2019 the Group revealed negative working capital of EUR 5,570,378.81 (positive working capital of EUR 725,485.28 at 31 December 2018).

In addition, the Business Plan approved by the Board of Directors of the Parent Company in January 2019 forecasts that the Group would generate operating profits during the 2019 year. It will also require additional sources of funding to meet short-term commitments. In the long run, this Business Plan relies essentially on the income earned with certain clients.

On 8 August 2019 the Group, through its subsidiary Antibióticos de León, S.L.U. (“ADL Biopharma”), signed a financing agreement for an amount of EUR 25,000,000 maturing after 4 years, which can be increased by EUR 5,000,000 if so requested by Antibióticos de León S.L.U., in order to increase the productive capacity of the plant in response to growing demand for fermentation reflected in the long-term contracts that the company has signed with clients from a number of different industries, making it a strategic supplier in their value chain. Said operation provides the Group with sufficient finance to complete the implementation of its strategic plan for the next four years, and flexibility for future growth. Specifically, its main uses are to complete the finance for the growth of its activity, through the investments required to complete the updating and modernisation of the facilities at the factory in León, to refinance debt and finance operating costs.

On the basis of all the above, the Parent Company Directors have formulated these abbreviated consolidated interim financial statements by applying the going concern principle, in accordance with the financial support received on 8 August as referred to above, and the support received from its main shareholder, BTC Uno S.à.r.l., allowing it to continue to operate, thereby allowing it to recover assets and meet liabilities for the amounts recorded in these abbreviated consolidated interim financial statements, in addition to the estimated cash flow projections set out in the aforementioned business plan.

4. Recognition and measurement principles

4.1. Subsidiaries

4.1.1. Intercompany transactions

Acquisitions by the controlling company (or another Group company) of control of a subsidiary constitute a business combination accounted for by the acquisition method. This method requires the acquiring company to record, on the acquisition date, the identifiable assets acquired and liabilities assumed in a business combination, in addition to the relevant goodwill or negative difference, where appropriate. Subsidiaries are consolidated from the date on which control is transferred to the Group and are excluded from consolidation on the date on which this ends.

The acquisition cost is determined as the sum of the fair values, on the acquisition date, of the assets given up, the liabilities incurred or assumed, and the equity instruments issued by the acquiring company, and the fair value of any contingent consideration that may depend on future events or compliance with certain conditions, which must be recorded as an asset, liability, or equity according to its nature.

Expenses related to the issue of equity instruments or financial liabilities given up are not part of the cost of the business combination and are recorded according to the standards applicable to financial instruments (Note 4.11). The fees paid to legal consultants and other professionals intervening in the business combination are recorded as expenses when they are incurred. Also excluded from the cost of the combination are the expenses generated internally for these concepts and those incurred by the acquired company.

Any excess, on the acquisition date, of the cost of the business combination, over the proportional value of the identifiable assets acquired less that of liabilities assumed representative of the stake in the capital of the acquired company is recognised as goodwill. Exceptionally, if this amount is higher than the cost of the non-monetary contribution, the excess will be recorded as income in the profit and loss account.

4.1.2.-Acquisition of control in stages

When control of a subsidiary is acquired through several transactions on different dates, goodwill (or negative difference) is obtained by calculating the difference between the cost of the business combination, plus the fair value on the acquisition date of any prior investment by the acquiring company in the acquired company, and the value of the identifiable assets acquired less the value of the liabilities assumed.

Any profit or loss arising from the fair market valuation on the date on which the acquiring company gains control of the previous stake in the acquired company is recognised in the profit and loss account. If the investment was previously valued at fair value, the adjustments to the valuation to be charged to the results for the financial year are transferred to the profit and loss account.

4.1.3.-Consolidation method

The assets, liabilities, income, expenditure, cash flows and other headings in the Group's consolidated interim financial statements are incorporated into the Group's consolidated financial statements using the full consolidation method. This method requires:

1. Timing consistency. The consolidated interim financial statements are established on the same date and in the same period as the financial statements of the company required to consolidate. Companies with a different year-end are included through interim financial statements for the same date and period as the consolidated financial statements.
   When a company joins or leaves the Group, the profit and loss account, the statement of changes in equity and the statement of individual cash flows to be included in the consolidation shall refer only to the part of the year in which the company was a member of the Group.

2. Valuation consistency. The assets and liabilities, income and expenditure, and other headings in the interim financial statements of the Group companies were measured according to uniform methods. Any assets or liabilities, or any income or expenditure headings measured by non-uniform criteria with respect to those applied in consolidation have been re-measured with the necessary adjustments, for the sole purposes of the consolidation.

3. Aggregation. The various headings of the previously standardised individual interim financial statements are aggregated according to their nature.

4. Elimination of equity investment. The book values representative of the subsidiary's equity instruments held directly or indirectly by the controlling company are offset by the proportional part of equity items of that subsidiary attributable to such shares, generally on the basis of the values obtained by applying the acquisition method indicated above. For consolidations later than the year in which control was acquired, any excess or shortfall in equity generated by the subsidiary from the acquisition date and attributable to the controlling company is presented in the consolidated balance sheet under the reserves or value change adjustments heading, according to its nature. The portion attributable to external shareholders is recorded in the "External shareholders" heading.

5. Participation of external shareholders. The measurement of external shareholders is based on their effective participation in the equity of the subsidiary once the above adjustments are made. Consolidation goodwill is not attributable to external shareholders. Any excess between the losses attributable to the external shareholders of a subsidiary and the part of equity that corresponds to them proportionally is attributed to them, even if it results in a debit balance under that heading.

6. Elimination of intra-group headings. Credits and debits, income and expenditure and cash flows between Group companies are eliminated in full. Furthermore, all results produced by internal operations are eliminated and deferred until they are realised with third parties outside the Group.

4.1.4.-Change in stake without loss of control

Once control over a subsidiary is gained, subsequent operations leading to a change in the stake of the controlling company in the subsidiary without loss of control over the same are considered in the consolidated interim financial statements as operations with own equity securities, subject to the following rules:

a) The recognised amount of goodwill or negative differences is not changed, nor is the amount of any other recognised assets or liabilities.

b) Any profit or loss recognised in the individual accounts is eliminated in consolidation, with the corresponding adjustment in the reserves of the company whose stake is reduced:
c) The amounts of “value change adjustments” and “grants, donations and bequests” are adjusted to reflect the stake in the capital of the subsidiary maintained by the Group companies.
d) The participation of external shareholders in the equity of the subsidiary will be shown based on the percentage of participation that third parties outside the Group have in the subsidiary, once the operation is completed, including the percentage share of goodwill recorded in the consolidated financial statements associated with the change made.
e) The necessary adjustment resulting from a), b) and c) above is accounted for in reserves.

4.1.5. Loss of control

The following rules apply when control of a subsidiary is lost:

a) The profit or loss recognised in the individual financial statements is adjusted for consolidation purposes.
b) If the subsidiary is qualified as a multi-group or associated company, it is consolidated and the equity method is initially applied, considering for the purposes of initial recognition the fair value of the stake retained on that date.
c) The interest in the equity of the subsidiary that is retained after the loss of control and does not fall inside the scope of consolidation will be measured using the criteria applicable to financial assets (See Note 4.8), considering for the initial valuation the fair value on the date that it ceases to fall within that scope.
d) An adjustment is recognised in the consolidated profit and loss account to show the participation of external shareholders in the income and expenses generated by the subsidiary in the financial year until the date of loss of control, and in the transfer to the profit and loss account of the accounting income and expenditure recognised directly in equity.

4.2. Associated and multi-group companies

4.2.1. Changes in stake

To determine the cost of an investment in a multi-group company, the cost of each individual transaction is considered.

In a new acquisition of shares in a company under the equity method, the additional investment and new goodwill or negative consolidation difference are determined in the same way as the first investment. If, however, for the same investee, goodwill and a negative consolidation difference arise, the latter is reduced to the limit of the implicit goodwill.

In investment reductions with decreased stake but no loss of significant influence, the new investment is valued at the amounts applicable to the percentage of retained interest.

4.3. Intangible fixed assets

4.3.1. Goodwill

Goodwill represents the excess, on the acquisition date, of the cost of the business combination, over the proportional value of the identifiable assets acquired less that of liabilities assumed.

On the date of initial recognition, goodwill is valued in accordance with Note 4.1.1. After initial recognition, goodwill is valued at cost less accumulated amortisation and impairment losses.

Goodwill is allocated on the date of acquisition among the cash-generating units or groups of cash-generating units of the Group expected to benefit from the synergies of the business combination.

Goodwill is amortized by the linear method within 10 years from 2016, with the entry into force of RDL 602/2016.

4.3.2. Research and development costs

Research costs are recognised as expenditure when they are incurred, while the development costs incurred in a project are recognised as intangible fixed assets if this is feasible from a technical and commercial perspective, sufficient technical and financial resources are available to complete it, the costs incurred can be reliably determined and the generation of profit is likely.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in subsequent financial years. Capitalised development costs with a finite useful life are amortised on a straight-line basis over their estimated useful life for each project, without exceeding 5 years.

When the book value of an asset is greater than its estimated recoverable amount, its value is reduced immediately to its recoverable amount.

In the event of a change in the favourable circumstances of the project that permitted the capitalisation of the development costs, the part pending amortisation is translated into income in the financial year in which the circumstances change.

4.3.3. Licences and trademarks

Licences and trademarks have a finite useful life and are carried at cost less accumulated amortisation and recognised impairment corrections. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful life five years (estimated at between 5 and 13 years).

Licences and trademarks acquired in business combinations are recognised for their fair value at the date of acquisition. This is valued by means of the methodology based on the excess earnings generated by the asset during its remaining lifespan (MPEE).

4.3.4. Computer applications

The amounts paid for access to the ownership or right of use of software programs and applications when intended to be used over several years are included. Their depreciation is systematic and carried out on a straight-line basis over a period of three to six years.

Maintenance costs, overall system review costs or recurrent costs resulting from the modification or updating of these applications are recorded directly as expenditure for the financial year in which they were incurred.

Costs related directly to the production of unique and identifiable software programs controlled by the Company and which will probably generate economic benefits greater than the costs for more than one year are recognised as intangible assets. Direct costs include the expenses of the staff who develop the software programs and an appropriate proportion of overheads.

The development costs of software programs recognised as assets are amortised over their estimated useful lives, which cannot exceed six years.

4.3.5. Client portfolio

Client portfolios acquired in business combinations are recognised for their fair value at the date of acquisition. This is valued by means of the methodology based on the excess earnings generated by the asset during its remaining lifespan (MPEE).

Client portfolios are held to have a defined useful life and are valued at their cost less cumulative amortisation and recognised value impairment corrections. Amortisation is calculated by means of the straight-line method over the estimated useful life, namely as follows:

Client portfolio	Useful life in years
BBD Biophenix, S.L.	7

4.3.6. Impairment of intangible fixed assets

Licences and trademarks have a finite useful life and are carried at cost less accumulated amortisation and recognised impairment corrections

4.4. Tangible fixed assets.

Tangible fixed assets are recognised at acquisition price or production cost less their accumulated depreciation and the accumulated amount of recognised losses.

The amount for work carried out by the company for its own tangible fixed assets is calculated by adding to the acquisition price of the consumables, the direct or indirect costs attributable to this property.

The costs incurred to extend, modernise or improve fixed assets are only recorded as an increase in the value of the asset when they increase the capacity, productivity or useful life of the asset and it is possible to ascertain or estimate the book value of the items retired from inventories due to replacement.

The costs of major repairs are capitalised and amortised over their estimated useful life, while recurring maintenance costs are charged to the profit and loss account during the financial year in which they are incurred.

The depreciation of tangible fixed assets, with the exception of land, which is not depreciated, is calculated systematically by the straight-line method based on the estimated useful life of the asset, considering the actual depreciation in its operation and use. The estimated useful lives are:

	Useful life in years
Buildings and structures	33.33 – 68
Facilities	8-20
Machinery	8.33 - 18
Tools	4-8
Other facilities	8-20
Furniture and fittings	10-20
Computer equipment	4-8
Transport elements:	6.25 - 20
Other tangible fixed assets	10-20

The residual value and useful life of the assets are reviewed and adjusted where necessary at each balance sheet date.

At the end of each period, the Group analyses whether there are any indications that the book value of its tangible assets exceeds their corresponding recoverable amount, in order to register the relevant impairment.

The profit or loss resulting from the disposal or derecognition of an asset is calculated as the difference between the value of the consideration received and the book value of the asset, and is recognised in the profit and loss account.

4.4.1. Subsequent costs

Subsequent to initial recognition of assets, costs incurred are capitalised only to the extent that they involve an increase in the capacity or productivity or an increase in the useful life of the assets, the book value of the elements replaced necessarily being cancelled. In this regard, the costs derived from the daily maintenance of material fixed assets are recorded in results as they occur.

4.4.2. Asset impairment

The Group evaluates and determines valuation adjustments for impairment and reversals of impairment losses for tangible fixed assets according to the criteria outlined in the “Losses on impairment of non-financial assets” section.

4.5. Property investments

Property investments consist of structures owned by the Company that are maintained for the purpose of obtaining long-term rental income and are not occupied by the Group. The items under this heading are stated at purchase cost less their accumulated amortisation and any impairment losses.

For the calculation of the amortisation of property investments, the straight-line method is used according to the estimated useful life thereof, which is 50 years.

4.6. Borrowing costs

Financial expenses directly attributable to the acquisition or construction of fixed assets requiring more than one year to get ready for use are included at cost until they are in working order.

4.7. Exchanges

When tangible or intangible fixed assets or investment property is acquired through a transaction with commercial substance, it is valued at the fair value of the asset given up plus the monetary considerations provided in exchange, except where there is clearer evidence of the asset received and up to the limit thereof.

For these purposes, the Group considers an exchange to have commercial substance when the configuration of the cash flows of the fixed asset received differs from the configuration of the cash flows of the asset given up or when the present value of the after-tax cash flows from the activities affected by the exchange is modified. Likewise, any of the above differences must be material in relation to the fair value of the exchanged assets.

If the exchange does not have commercial substance or if the fair value of the elements of the transaction cannot be determined, the asset given up is valued at the book value of the asset delivered plus any monetary considerations paid, up to the limit of the fair value of the asset received if this is lower and so long as it is available.

The Group did not during the period between 1 January 2019 and 30 June 2019 perform any swap operations, as in the financial year 2018.

4.8. Financial assets

4.8.1. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded on an active market. They are included in current assets, except for maturities over 12 months from the balance sheet date which are classified as non-current assets. Loans and receivables are included in "Loans to companies" and "Trade and other accounts receivable" on the balance sheet.

These financial assets are initially measured at fair value, including transaction costs directly attributable to them, and subsequently at amortised cost, recognising the interest accrued according to their effective interest rate, taken as the discount rate equalling the book value of the instrument with all estimated cash flows to maturity. Notwithstanding the foregoing, trade receivables maturing within one year are measured, both initially at recognition and subsequently, at face value provided that the effect of not discounting the cash flows is insignificant.

At least by the end of the financial year, the necessary value adjustments for impairment are made if there is objective evidence that not all amounts owing will be received.

The amount of the impairment loss is the difference between the book value of the asset and the present value of the estimated future cash flows, discounted at the effective interest rate at the time of initial recognition. Value adjustments and their reversals, where applicable, are recognised in the profit and loss account.

4.8.2. Held-to-maturity investments

The financial assets held to maturity are debt securities with fixed or determinable payments and fixed maturities that are traded on an active market and which the Group directors have the positive intention and ability to hold to maturity. If the Group sells a more than an insignificant amount of held-to-maturity financial assets, the entire category is reclassified as available for sale. These financial assets are included in non-current assets, except those maturing within 12 months of the balance sheet date, which are classified as current assets.

The valuation criteria of these investments are the same as for loans and accounts receivable.

4.8.3. Investments in the assets of group, multi-group and associate companies

These assets are measured at cost, less any accumulated impairment losses. However, when there is an investment prior to its classification as a group company, joint venture or associated company, its book value prior to being thus classified is taken as the cost of the investment. Prior valuation adjustments recognised directly in equity are maintained until they are retired.

4.8.4. Financial assets held-for-trading and other financial assets at fair value through profit and loss

Financial assets at fair value with changes to profit or loss are those assets held for trading that are acquired for the purpose of selling in the short term or which are part of a portfolio of instruments identified and managed jointly to obtain short-term gains, together with financial assets designated for inclusion in this category by the Group at initial recognition for more relevant information. Derivatives are also classified as held-for-trading provided that they are not a financial guarantee contract nor have they been designated as hedging instruments.

These financial assets are measured both initially and in subsequent valuations at their fair value, recording any changes in said value in the profit and loss account for the financial year. Transaction costs directly attributable to the acquisition are recognised in the profit and loss account for the year.

4.8.5. Available-for-sale financial assets

This category includes debt securities and equity instruments not classified in any of the above categories. They are included under non-current assets unless the management intends to dispose of the investment within 12 months of the balance sheet date.

They are measured at fair value, recording any changes occurring directly in equity until the asset is disposed of or impaired, at which point the cumulative gains and losses in equity are recorded in the profit and loss account, provided that it is possible to calculate the fair value. Otherwise, they are recorded at cost less impairment losses.

Valuation adjustments are made on available-for-sale financial assets if there is objective evidence that they have become impaired as a result of a reduction or delay in the estimated future cash flows in the case of purchased debt instruments or the impossibility of recovering the book value of the asset in the case of investments in equity instruments. The value adjustment is the difference between its cost or amortised cost less any valuation adjustment previously recognised in the profit and loss account and the fair value at the time of measurement.

For equity instruments measured at cost because their fair value cannot be determined, the value adjustment is determined as the difference between their book value and recoverable amount, the latter being taken as the higher amount between its fair value less selling costs and the actual value of the cash flows from the investment. Save better evidence of the recoverable amount, when estimating the impairment of these investments, the equity of the subsidiary company is used, adjusted for any unrealised gains at the valuation date. The value adjustment and its reversal, where applicable, is recorded in the profit and loss account for the year in which it occurs.

If there is objective evidence of impairment, the Group recognises the accumulated losses previously recognised in equity in the profit and loss account by a decrease in fair value. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

The fair values of listed investments are based on current purchase prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes its fair value using measurement techniques that include recent and duly reported transactions between parties, references to other substantially similar instruments, methods for discounting estimated future cash flows and option pricing models, making full use of observable market data and relying as little as possible on subjective Group considerations.

A financial asset is derecognised from the balance sheet if all the risks and rewards incidental to ownership are substantially transferred. Specifically for accounts receivable, this is generally understood to occur if the risks of insolvency and default have been transferred.

Assets designated as hedged items are subject to hedge accounting measurement requirements (Note 4.9).

4.9. Stocks

Inventories are valued at cost or their net realisable value, whichever is lower. When the net realisable value of the inventory is lower than its cost, the appropriate valuation adjustments are made and recognised as an expense in the profit and loss statement. If the circumstances leading to the valuation adjustment cease to exist, the adjustment amount is reversed and recognised as income in the profit and loss statement.

The cost is determined as the weighted average cost. The cost of finished goods and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on normal production capacity). The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary for its performance and, in the case of raw materials and work in progress, the estimated costs required to complete their production.

For inventories requiring more than one year to get ready for sale, the financial expenditure is included in the cost under the same terms as for fixed assets (Note 4.4).

Advances to suppliers on account of future supplies of stocks are valued at cost. The accounting of obsolete, faulty or slow-moving products is reduced to their possible realisable value.

The Group mainly keeps in stock raw materials and oral finished products, such as the 6APA, in the case of raw materials, and amoxicillins, in the case of finished products. These stocks are first retested 4 years after production, following which date they undergo periodical reviews to increase their useful life based on the results of the retesting. If the Group sells below cost, it records the relevant provision for impairment (see Note 16).

When the net realisable value of the inventory is lower than its acquisition price or production cost, the appropriate valuation adjustments are made and recognised as an expense in the profit and loss statement.

If the circumstances leading to the valuation adjustment cease to exist, the adjustment amount is reversed and recognised as income in the profit and loss statement.

4.10. Equity

The company capital is represented by ordinary shares.

When a Group company purchases Company shares (own shares), the consideration paid, including any directly attributable incremental cost, is deducted from net equity until it is cancelled, reissued or disposed of. When these shares are subsequently sold or reissued, any amount received, net of any incremental cost of the directly attributable transaction, is included in equity.

4.11. Financial liabilities

4.11.1. Debts and payables

This category includes trade payables and non-trade payables. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs and subsequently recorded at their amortised cost using the effective interest rate method. The effective interest rate is the discount rate equalling the book value of the instrument with the expected flow of future payments cash until maturity of the liability.

Notwithstanding the foregoing, trade payables maturing in less than one year and which do not have a contractual interest rate are measured, both initially and subsequently, at face value when the effect of not discounting flows cash is not significant.

If existing debt is renegotiated, no substantial changes to the financial liability are deemed to exist when the lender of the new loan is the same as the initial lender and the present value of the cash flows, including net commissions, does not differ by more than 10% from the present value of the outstanding cash flows of the original liability calculated under that same method.

4.11.2. Financial liabilities for trading and other financial liabilities at fair value through profit and loss

Financial liabilities at fair value with changes to profit or loss are those liabilities held for trading that are issued for the purpose of reselling in the short term or which are part of a portfolio of financial instruments identified and managed jointly to obtain short-term gains, together with financial liabilities designated for inclusion in this category by the Group at initial recognition for more relevant information. Derivatives are also classified as held-for-trading provided that they are not a financial guarantee contract nor have they been designated as hedging instruments.

These financial liabilities are measured both initially and in subsequent valuations at their fair value, recording any changes in said value in the profit and loss statement for the financial year. The transaction costs that are directly attributable to the issuance are taken to the profit and loss statement in the year they arise.

4.12. Grants received

Repayable grants are recorded as liabilities until the conditions are met for their consideration as non-repayable, while non-repayable grants are recorded as income directly in equity and are entered as revenues on a systematic and rational basis that correlates to the expenses arising from the grant. Non-repayable grants received from shareholders are recorded directly in equity.

For these purposes, a grant is considered non-repayable when there is an individual grant award agreement, all the conditions for its award are met and there is no reasonable doubt that it will be received.

Monetary grants are valued at the fair value of the amount granted and non-monetary grants at the fair value of the asset received, both values referring to the moment of recognition.

Non-repayable grants connected with the acquisition of intangible fixed assets, tangible assets and property investments are recorded as income for the financial year in proportion to the amortisation of the related assets or, where applicable, their disposal, impairment valuation adjustment or derecognition from the balance sheet takes place. Non-repayable grants for specific expenses are recognised in the profit and loss account in the same financial year in which the related expenses are accrued while those granted to offset operating deficit are recorded in the financial year in which they are granted, except when used to offset operating deficits in future financial years, in which case they are recognised in those financial years.

4.13. Business combinations

Mergers, divisions and non-monetary business contributions between companies of the Group are recorded in accordance with the rules on related-party transactions (Note 4.22).

Merger or demerger operations other than those above and business combinations arising from the acquisition of all equity elements of a company or a party constituting one or more businesses are recorded using the acquisition method (see Note 4.1.1).

4.14. Current and deferred taxes

Income tax expense (income) is the amount accrued for the latter concept over the year and includes both current and deferred tax expense (income).

The expense (income) for both current and deferred tax is recorded in the profit and loss account. However, the tax effect relating to items recorded directly in equity are recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid or recovered from the tax authorities, in accordance with the regulations in force or which have been approved and are pending publication at year end.

Deferred taxes are calculated by the liability method, on the temporary differences arising between the tax bases of the assets and liabilities and their book values.

Nonetheless, if the deferred taxes arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) they are not recognised. Deferred tax is measured by applying the tax rates and laws enacted or substantively enacted by the balance sheet date which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that future tax gains are likely to be available to offset temporary differences.

Deferred taxes on temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised, except where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not be reversed in the foreseeable future.

4.15. Classification of current assets and liabilities

Assets and liabilities are presented on the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current when they are linked to the Company's normal operating cycle and are expected to be sold, used, made or settled within the course of that cycle, they are different to the previous ones and their maturity, disposal or performance is expected to occur within a maximum period of one year, they are held for negotiating purposes or involve cash and other equivalent liquid assets for a use that is not restricted by a period exceeding one year. Otherwise, they are classified as non-current assets and liabilities.

The normal operating cycle is less than one year for all Company activities.

4.16. Employee benefits

a) Termination benefits
Termination benefits are paid to employees following the Group's decision to terminate their employment contract before the normal retirement age or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it has demonstrably undertaken to terminate the employment of workers following a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer to encourage voluntary resignation. The benefits that will not be paid within twelve months from the balance sheet date are discounted at their present value.

b) Bonuses

The Group recognises a liability and an expense for bonuses. It recognises a provision when it is contractually bound or when past practice has created an implied obligation.

4.17. Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and disputes are recognised when the Group has a present obligation, whether legal or implicit, arising from past events, an outflow of resources is likely to be necessary to settle the obligation and the amount can be reliably estimated. Restructuring provisions include penalties for lease cancellation and dismissal payments to employees. No provisions are recognised for future operating losses.

Provisions are valued at the present value of the disbursements that are expected to be necessary to settle the obligation using a pre-tax rate that reflects current market evaluations of the time value of money and the specific risks of the obligation. Adjustments to the provision for discounting purposes are recognised as a financial expense when they are accrued.
Provisions with a maturity of one year or less and a non-significant financial effect are not discounted.

When part of the disbursement necessary to settle the provision is intended to be reimbursed by a third party, such reimbursement is recognised as a separate asset, provided that its receipt is virtually assured.

On the other hand, the consideration of contingent liability is given to possible obligations arising out of past events, the existence of which is conditional upon the occurrence or non-occurrence of one or more future events independent of the will of the Group. These contingent liabilities are not entered in the accounts and are detailed in the financial statements.

4.18. Recognition of income

The Group recognises income and expenses on an accrual basis, i.e. when the actual flow of the goods and services that they represent takes place, regardless of when the monetary or financial flow arising therefrom takes place.

Nonetheless, the Group only records earnings made at year-end. As a result, foreseeable risks and losses, including future ones, are recorded as soon as they become known.

The most relevant criteria followed by the Group for recording revenue and expenses are as follows:

- Sales income: this is recorded at the fair value of the received or receivable consideration and represents the amounts receivable for goods in the ordinary course of business, less any discounts, VAT and other sales-related taxes.

  Sales of goods are recognised as income when all risks and benefits inherent to ownership thereof have been substantially, the outcome of the transaction can be reliably determined, and the Group is likely to receive the economic returns arising from the transaction.

  Advance payments for future sales are valued at the value received.

- Income from delivery of services: the Group provides services related to its business, based mainly on laboratory services and fermentation services. This service delivery is recognised once the product has been transformed and ownership is transferred to the client.

- Expenses. these are recognised in the profit and loss account when there is a decrease in future economic benefits relating to an asset reduction or liability increase that can be reliably measured. This means that an expense is recognised at the same time as the increase in the liability or asset reduction. An expense is recognised immediately when a payment does not generate future economic benefits or when it does not meet the necessary requirements for recognition as an asset.

- Income and expenses for interest and similar items: these are generally recognised for accounting purposes by applying the effective interest rate method.

4.19. Leases

4.19.1. When a Group company is the lessee - Financial leases

The Group leases certain tangible assets. Leases of tangible fixed assets in which the Group has substantially all the risks and rewards incidental to ownership are classified as financial leases.

Financial leases are capitalised at the start of the lease at the fair value of the leased property or the present value of the minimum agreed lease payments, whichever is lower. To calculate the present value, the implicit interest rate of the contract is used or, if this cannot be determined, the interest rate of the Group for similar operations.

Each lease payment is split between liabilities and finance costs. The total finance cost is distributed over the term of the lease and charged to the profit and loss account in the year in which it is accrued by applying the effective interest rate method. Contingent lease payments are expenses of the year in which they are incurred. The corresponding lease obligations, net of financial charges, are included under “Accounts payable under financial leasing”. Fixed assets acquired under financial lease depreciate over their useful life.

4.19.2. When a Group company is the lessee - Operating leases

Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to the profit and loss statement in the year in which they are accrued on a straight-line basis over the lease period.

4.19.3. When the Company is the lessor

When assets are leased under a financial lease agreement, the present value of the lease payments, discounted at the implicit interest rate of the contract, is recognised as a receivable item (Note 4.8.1). The difference between the gross amount receivable and the present value of this amount, corresponding to unearned interest, is recorded in the profit and loss account of the year in which the interest is accrued, in accordance with the effective interest rate method.

When assets are leased under an operating lease agreement, the inclusion of the asset in the balance sheet is based on its nature. The income arising from the lease is recognised on a straight-line basis over the term thereof.

4.20 Environment

Environmental assets are classified as those goods which are used on a lasting basis within the Group’s operations the main purpose of which is minimisation of environmental impact and protection and improvement of the environment, including the reduction or elimination of future pollution.

Environmental protection expenses are charged according to the accrual criterion, i.e. based on the actual flow of goods and services that they represent. Investments in fixed assets for environmental conservation are posted at acquisition cost or production cost, which includes materials, direct labour and a proportion of attributable indirect costs. They are amortised following the same criterion as other fixed assets.

4.21. Foreign currency transactions

4.21.1. Functional and presentation currency

The functional currency is the currency of the primary economic environment in which the Group operates, i.e. the currency of the environment in which the Group generates and expends cash.

The consolidated interim financial statements of the Group are reported in euros, which is the functional and reporting currency of the Group.

4.21.2. Translation of statements in currencies other than the euro

The statements of a Group company with a functional currency other than the euro are translated in accordance with the following rules:

- Assets and liabilities are translated at the closing rate of exchange, this being the average spot exchange rate on that date;
- Equity items, including profit and loss for the year, are translated at the historical exchange rate;
- The difference between the net amount of assets and liabilities and equity items is recorded in equity under a heading entitled "translation difference" net, where applicable, of the tax effect and after deduction of the portion of this difference corresponding to external shareholders, and
- Cash flows are translated at the exchange rate of the date that each transaction took place or using a weighted average exchange rate for the monthly period, provided that there were no significant variations.

The translation difference recorded in the consolidated statement of income and expenses is recognised in the consolidated profit and loss account of the period in which the investment in the consolidated company is sold or otherwise disposed of.

The historical exchange rate is:

- For equity items existing on the acquisition date of the interests being consolidated: the exchange rate on the transaction date;
- For income and expenses, including those recognised directly in equity: the exchange rate on the date that the transaction took place. If the exchange rates have not varied significantly, a weighted average rate for the monthly period is used, and
- Reserves generated after the transaction dates for undistributed results: the effective exchange rate resulting from translating the income and expenditure that produced these reserves.

Consolidation goodwill and adjustments to the fair values of assets and liabilities arising from application of the acquisition method are considered elements of the acquired company and thus translated at the year-end exchange rate.

4.21.3. Foreign currency transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rates prevailing at the date of the transaction.

Exchange gains and losses resulting from the settlement of such transactions and the translation at closing rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss statement except when they differ in equity, as in the case of qualifying cash flow hedges and qualifying net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the book value of the security. Translation differences are recognised in income/(loss) for the financial year, and other changes in book value are recognised in equity.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are recognised as part of profit or loss at fair value. Translation differences on non-monetary items, such as equity instruments classified as financial assets available for sale, are included in equity.

4.22. Transactions between related parties

In general, transactions between group companies are recognised initially at fair value. Where appropriate, if the agreed price differs from its fair value, the difference is recognised based on the economic reality of the operation. Subsequent measurement is consistent with the relevant standards.

Notwithstanding the above, in transactions the object of which is a business, including equity holdings affording control over a company constituting a business, the Group adopts the following criterion:

4.22.1. Non-monetary contributions

In non-monetary contributions to a Group company, both the contributing company and the acquiring company measure the investment by the book value of the equity items given up in the consolidated financial statements on the date on which the transaction is performed. For these purposes, the consolidated financial statements of the larger group or subgroup into which the equity items are incorporated and whose controlling company is Spanish are used.

4.22.2. Mergers and demergers

a) In operations between Group companies that involve the controlling company (or controlling company of a subgroup) and its subsidiary – direct or indirect – acquired equity items are valued at the applicable amount in the consolidated statements of the group or subgroup. The difference is recognised against a reserves heading.

b) For operations between other companies of the Group, the acquired equity items are valued by their book values in the consolidated financial statements of the larger group or subgroup into which the latter are incorporated and whose controlling company is Spanish.

For accounting purposes, the date of merger and demerger operations between group companies is the start of the financial year in which the operation is approved, provided that it is later than the date of incorporation into the Group. If one of the companies involved in the operation were incorporated into the Group in the financial year in which the merger or demerger takes place, the date for accounting purposes will be the acquisition date.

4.23. Classification of assets and liabilities as current

Assets and liabilities are presented on the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current when they are linked to the Group's normal operating cycle and are expected to be sold, used, made or settled within the course of that cycle, they are different to the previous ones and their maturity, disposal or performance is expected to occur within a maximum period of one year, they are kept for negotiating purposes or involve cash and other equivalent liquid assets for a use that is not restricted by a period exceeding one year. Otherwise, they are classified as non-current assets and liabilities.

The normal operating cycle is less than one year for all Group activities.

5. Financial risk management

5.1. Financial risk factors

The Group's activities are exposed to various financial risks: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and cash flow risk. The Group's global risk management programme focuses on the uncertainty of financial markets and seeks to minimise the potential adverse effects on its financial performance.

Risk management is controlled by the Group's Treasury Department, which identifies, evaluates and hedges financial risks in accordance with the policies approved by the Board of Directors of the Controlling Company. The Board of Directors provides policies for global risk management and for specific areas such as exchange rate risk, interest rate risk, cash flow risk, use of derivatives and non-derivatives and investment of cash flow surpluses.

5.1.1. Operating risks

The Company is currently exposed to the usual risks and uncertainties of companies from the chemical and pharmaceutical industry.

The main risk factors faced by the Company are:
- Changes in regulatory rules affecting the general and specific setting of the Company.
- Changes in contractual relationships with key customers for turnover, either due to the termination of contracts or renewal thereof.
- Variations in the supply conditions of raw materials and other materials needed for production.

The Company is aware of the risks that could have a negative impact on its activity and has put in place the appropriate principles and mechanisms for their management and for the development of contingency plans to reduce their impact. These include:

- Maintenance of a wide and diverse customer base.
- Opening of markets.
- Strict credit control and effective management of cash flows.
- Strict tax and accounting system.

5.1.2. Market risk

a) Exchange rate risk
The Group carries out part of its purchases and sales in foreign currency, mainly the US dollar, and is thus exposed to fluctuations in the exchange rate of these currencies against the Euro.

b) Interest rate risk of cash flows and fair value
Given that the Group does not have significant interest-bearing assets, the income and cash flows from its operating activities are fairly independent of changes in market interest rates.

The Group's interest rate risk arises from its long-term debt capital. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Fixed-rate debt securities expose the Group to interest rate risks on the fair value. During 2019 and 2018, the Group's floating-rate debt securities were denominated in euros.

5.1.3. Credit risk

Credit risk is managed by groups. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as with wholesale and retail customers, including outstanding accounts receivable and committed transactions. Individual credit limits are established based on internal and external ratings in accordance with the limits set by the Board of Directors of the Controlling Company. The use of credit limits is regularly monitored.

5.1.4. Liquidity risk

Prudent management of liquidity risk involves maintaining sufficient cash flows and marketable securities, the availability of financing through sufficient committed credit facilities and the capacity to liquidate market positions. Given the dynamic nature of the underlying businesses, the Group's Treasury Department seeks to keep its financing flexible through the availability of committed credit facilities.

The management monitors the Group's liquidity reserve forecasts (covering the availability of credit and cash and cash equivalents based on expected cash flows). This process is normally carried out at the level of the Group's operational entities in accordance with the practices and limits established by the Group. The set limits vary according to geographical area to take into account the liquidity of the market in which each Group company operates.

The liquidity management policy also involves making projections of cash flows in the main currencies in which the Group operates, taking into account the level of liquid assets required to achieve such projections, control of balance sheet liquidity indices and their comparison with market requirements, and the maintenance of debt financing plans.

5.2. Fair value estimation

The fair value of financial instruments traded on active markets (such as securities held for trading and available for sale) is based on market prices as at balance sheet date. The market price used for financial assets is the current bid price.

The fair value of financial instruments not listed in an active market is measured using valuation techniques. The Group uses a variety of methods and makes assumptions based on the market conditions at each balance sheet date. Long-term debt uses quoted market prices or dealer quotes. Other techniques, such as estimated discounted cash flows, are used to determine the fair value of other financial instruments. The fair value of interest rate swaps is calculated as the present value of estimated future cash flows. The fair value of forward exchange rate contracts is determined using the forward exchange rates quoted on the market at the balance sheet date.

It is assumed that the book value of receivables and payables for trade operations is close to their fair value. The fair value of financial liabilities for financial reporting is estimated by discounting the contractual future cash flows at the current interest rate of the market available to the Group for similar financial instruments.

6. Business combinations

a) FY 2018

On 30 November 2017, under its prior name of "Bioorganic Research and Services, S.A.", the Company entered into an agreement of binding intentions (the "Intentions Agreement") with Antibióticos de León, S.L.U. whereby the sole partner of Antibióticos, BTC Uno S.à.r.l, belonging to the Black Toro Capital group, undertook full ownership of an extension of share capital in the Company through the non-monetary contribution of the equity of Antibióticos. This agreement became effective on 25 April 2018 following the approval of the General Extraordinary Meeting of shareholders of Bioorganic Research and Services, S.A. of the expansion of capital and the underwriting by BTC Uno of the new shares.

The provisional determination of goodwill used the closing quote of the shares in ADL Bionatur Solutions S.A. on 25 April 2018, corresponding to the date on which the General Extraordinary Meeting of Shareholders was held to approve the BNT capital increase, and therefore the acquisition of Antibióticos.

Market value of one share in ADL Bionatur Solutions at 25 April 2018 (Euro)	2.36
x Number of shares at 25 April 2018	5,090,179.00
Cost of the business combination	**12,012,822.44**
Minus:	

Consolidated equity of the BNT Group at 30/04/18 (*)	7,190,231.44
Existing goodwill of the BNT Group at 30/04/18 (*)	(2,356,469.74)
	4,833,761.70
Increase in value of ADL Bionatur Solutions equity (Interim goodwill)	**7,179,060.74**
Accounting adjustment:	
Increase in value of Bioorganic Research and Services, S.A. assets	7,179,060.74
(-) minus existing goodwill	(2,356,469.74)
Generated - interim goodwill	**4,822,591.00**

(*) This date has been considered as the Group has the necessary financial information and does not differ significantly from the amounts existing on 25 April 2018.

As a result of the aforementioned corporate operation, Antibióticos de León is now a subsidiary of ADL Bionatur Solutions, S.A. Since the sole shareholder of Antibióticos de León holds 85% of the resulting group, Antibióticos is considered the book purchaser. It is, therefore, a “reverse” acquisition that is characterized by posting the legally acquired company as the book purchaser and the legally acquiring company as the book company purchased.

The interim excess value resulting from the aforementioned business combination was provisionally assigned as greater Goodwill. This business combination was accounted for provisionally in the financial year 2018 as the valuation of assets and liabilities acquired had not yet been completed, and the maximum period of 12 months had not passed since acquisition of control of the BNT Group, as established in valuation standard 19 “Business Combinations” of the General Accounting Standards.

Once the Purchase Price Allocation was performed by an independent third party and the definitive fair value of the net assets and liabilities of the Biorganic Research and Services, S.A. was obtained, as the acquired party for accounting purposes, the values initially registered in the financial year 2018 were then re-expressed in accordance with the requirements of the applicable accounting regulations, with the following changes having been made:

Generated - interim goodwill	**7,179,061**
Purchase price allocation:	
“Splittera” licence (ZERA INTEIN PROTEIN SOLUTIONS, S.L.U.)	1,384,000
Client portfolio (BBD BIOPHENIX S.L.U.)	572,000
Deferred tax liabilities	(489,000)
Goodwill generated - definitive	**5,712,061**

Following the foregoing process, the assets and liabilities arising at the date of acquisition were as follows: Intangible fixed assets (including goodwill, licences and trademarks, and client portfolio), EUR 13,154 thousand; Tangible fixed assets, EUR 3,099 thousand; Inventory stock, EUR 44 thousand; Trade and other receivables, EUR 961 thousand; Current and non-current financial assets, EUR 1,032 thousand; Cash and other equivalent liquid assets, EUR 261 thousand; Deferred tax assets, EUR 3,536 thousand; Long-term financial and non-financial debt, EUR 6,854 thousand; Short-term financial and non-financial debt, EUR 2,303 thousand (including Trade creditors for EUR 1,259 thousand), and Deferred tax liabilities, EUR 940 thousand.

The acquisition described determines a stock ratio of 28,844,342 newly created, ordinary shares in ADL Bionatur Solutions with a nominal value of five cents each, in exchange for the 29,774,530 shares in Antibióticos de León, with a nominal value of one euro each (100% of the Antibióticos share capital). The difference between the fair value of the equity received from Antibióticos by ADL Bionatur Solutions under reverse acquisition and the nominal value of the new shares is assigned to the issue premium (€74,706,846). This exchange equation was subject to verification by an independent expert appointed by the Companies Register.

Net turnover imputable to the combination as of the date of acquisition until 31 December 2018 amounted to EUR 1,715 thousand. The result over the same period in turn amounted to a loss of EUR 2,189 thousand. Had the business combination been made at the beginning of 2018, net turnover amount over the period from 1 January 2018 to 30 June 2018 would have amounted to EUR 1,885 thousand.

b) Prior to 2018

The breakdown of the cost of business combinations, the net assets acquired and the goodwill generated in prior years now follows. Figures are shown in EUR.

ADL BIONATUR SOLUTIONS, S.A. acquired 100% of the shares in Zera Intein Protein Solutions SLU on 28 April 2016. The transaction amount was one million six hundred thousand euros. As a result of the debt owing due to the purchase of the company, the General Shareholders' Meeting held on 30 June 2016 approved a capital increase by offsetting credits through the issue of four hundred and fifty-seven thousand one hundred and forty-three (457,143) new ordinary shares of the Company, with a par value of 0.05 euros and an issue premium of 3.45 euros per share, resulting in a price of 3.50 euros per share.

ZIP is a biotechnology company headquartered in the Parc de Recerca of Universidad Autónoma de Barcelona that develops technologies for the production of recombinant peptides and proteins of both therapeutic and industrial interest. It also markets its own Zera® and Splittera® tools, which facilitate the production and purification of difficult-to-express biological compounds and improve the production capacity of cellular systems. ZIP technology solutions are applicable in the biotech, pharmaceutical, veterinary and industrial sectors in which the Bionaturis Group operates.

The acquired business provided the Group with revenues of EUR 120,663 and net profits of EUR 241,747 between 30 April 2016 and 31 December 2016.

Consideration on 28 April 2016	Total
Total consideration	1,600,000.00
Recognised amounts of identifiable acquired assets and assumed liabilities	
- Intangible fixed assets	463,429.00
- Tangible fixed assets	41,022.00
- Trade and other accounts receivable	49,583.00
- Cash and cash equivalents	76,101.00
- Non-current financial investments	6,786.00
- Deferred tax assets	113,034.00
- Stocks	2,736.00
- Deferred tax liabilities	(30,863.00)
- Non-current payables	(62,772.00)
- Current payables	(15,774.00)
- Trade and other accounts payable	(23,803.00)
Total identifiable acquired net assets	619,479.00
Generated goodwill	980,521.00

On 15 May 2014, ADL BIONATUR SOLUTIONS, S.A. acquired 100% of the capital stock of BBD BIOPHENIX, S.L. (hereinafter, BBD), a company engaged in the research, development, production and marketing of biotechnology solutions.

BBD BIOPHENIX is focused on the optimisation of drug discovery processes, maximising the success ratios of the clinical development of new drugs using animal zebrafish models. The use of this model leads to significant savings in the drug discovery process through the application of a filter that significantly increases the likelihood of success. The company is an international reference in the application of this model and one of only a handful that work under GLP (Good Laboratory Practices).

The incorporation of these services will allow AdL Bionatur Solution to extend its catalogue of drug development solutions, complementing its FLYLIFE system, and to apply it internally in the Collaborative Development Agreements that the company signs with third parties.

An initial price of EUR 2,600,000 was stipulated as consideration, with an initial cash payment of EUR 500,000 and a payment of EUR 410,000 by means of a swap or exchange of BBD shares for BIONATURIS shares and a deferred price of EUR 1,690,000 to be paid annually in an amount equivalent to 45% of the EBITDA of BBD.

Up to 31 December 2018, payments were made corresponding to the deferred amounts linked to the results of 2014, 2015, 2016 and 2017. At 30 June 2019 the debt pending for the consideration amounted to EUR 818,972.94 (EUR 818,972.94 at 31 December 2018).

The breakdown of the cost of business combinations, the net assets acquired and the goodwill generated now follows. Figures are shown in EUR:

	Total
Consideration at 15 May 2014	
- Cash paid	910,000.00
- Updated deferred payment	1,690,000.00
Total consideration	2,600,000.00
Recognised amounts of identifiable acquired assets and assumed liabilities	
- Intangible fixed assets	157,644.00
- Tangible fixed assets	254,357.00
- Trade and other accounts receivable	243,062.00
- Cash and cash equivalents	51,443.00
- Deferred tax liabilities	(38,338.00)
- Current payables	(98,753.00)
- Trade and other accounts payable	(9,261.00)
Total identifiable acquired net assets	560,154.00
Generated goodwill	2,039,846.00

As a consequence of the business combination performed in 2018 with Antibióticos de León, S.L.U., this Goodwill was cancelled for its net book value at the date of combination.

7. Consolidation goodwill

Both in the first half of 2019 and in the financial year 2018 the Group had Goodwill derived from the Business Combination explained in Note 6 regarding the corporate operations with Antibióticos de León, now deemed to be definitive.

The Group performs annual impairment testing for goodwill of the Bionaturis Group. The Bionaturis Group (the acquired party for accounting purposes) was considered to be one single CGU. The Group uses cash flow discounting methods to determine the value in use. Discounted cash flow calculations are based on five-year projections of the Business Plan approved by the Directors of the Controlling Company. These flows consider past experience and represent the best estimate of future market performance. Cash flows from the fifth year onwards are extrapolated using individual growth rates.

The key assumptions for determining value in use include growth rates, the weighted average capital rate and tax rates.

Based on work performed, the Directors of the Controlling Company estimate that there has been no impairment in the value of consolidated goodwill at the end of the interim financial statements at 30 June 2019.

8. Intangible fixed assets

The breakdown and changes in the items included under "Intangible fixed assets " is as follows:

At 30 June 2019

	Balance at 31/12/2018 (audited) Re-expressed	Additions and allocations	Transfers	Disposals	Balance at 30/06/2019 (unaudited)
COST					
Development	7,438,570.01	1,091,572.63	-	(9,958.53)	8,520,184.11
Administrative grants	458,151.19	-	-	-	458,151.19
Goodwill	5,712,061.16	-	-	(0.24)	5,712,060.92
Computer applications	338,295.31	-	31,450.00	-	369,745.31
Other intangible fixed assets	182,000.00	-	-	-	182,000.00
Licences	1,384,000.00	-	-	-	1,384,000.00
Client portfolio	572,000.00	-	-	-	572,000.00
Intangible fixed assets in progress	-	31,450.00	(31,450.00)	-	-
Total	**16,085,077.67**	**1,123,022.63**	**-**	**(9,958.76)**	**17,198,141.53**
DEPRECIATION					
Development	(797,525.16)	(609,533.84)	-	-	(1,407,059.00)
Administrative grants	(16,386.25)	(12,105.59)	-	-	(28,491.84)
Goodwill	(425,063.88)	(318,797.90)	-	-	(743,861.78)
Computer applications	(164,350.19)	(30,766.83)	-	-	(195,117.02)
Licences	(68,855.72)	(51,641.79)	-	-	(120,497.51)
Client portfolio	(54,476.19)	(40,857.15)	-	-	(95,333.34)
Total	**(1,526,657.39)**	**(1,063,703.10)**	**-**	**-**	**(2,590,360.49)**
Net Book Value	**14,558,420.28**				**14,607,781.04**

FY 2018

	Balance at 31/12/2017	Entries from business combination- Bioorganic Research and Services, S.A.	Additions and allocations	Transfers	Disposals	Balance at 31/12/2018 Re-Expressed
COST						
Development	-	5,012,150.43	1,707,175.60	978,518.38	(259,274.40)	7,438,570.01
Administrative grants	-	458,151.19	-	-	-	458,151.19
Goodwill	-	5,712,061.16	-	-	-	5,712,061.16
Computer applications	253,145.86	15,517.45	-	69,632.00	-	338,295.31
Other intangible fixed assets	182,000.00	-	69,632.00	(69,632.00)	-	182,000.00
Licences	-	1,384,000.00	-	-	-	1,384,000.00
Client portfolio	-	572,000.00	-	-	-	572,000.00
Development in progress	978,518.38	-	-	(978,518.38)	-	-
Total	**1,413,664.24**	**13,153,880.23**	**1,776,807.60**	**-**	**(259,274.40)**	**16,085,077.67**

DEPRECIATION						
Development	-	-	(844,126.46)	-	46,601.30	(797,525.16)
Administrative grants	-	-	(16,386.25)	-	-	(16,386.25)
Goodwill	-	-	(425,063.88)	-	-	(425,063.88)
Computer applications	(111,555.24)	-	(52,794.95)	-	-	(164,350.19)
Licences	-	-	(68,855.72)	-	-	(68,855.72)
Client portfolio	-	-	(54,476.19)	-	-	(54,476.19)
Total	**(111,555.24)**	**-**	**(1,461,703.45)**	**-**	**46,601.30**	**(1,526,657.39)**

Net Book Value	**1,302,109.00**					**14,558,420.28**

Additions generated during the first half of 2019 are primarily located in the Development entry and at 31 December 2018 provisional Goodwill and other intangible assets generated following the reverse acquisition explained in Note 6.

The new developments relate to projects whose commercial success is highly likely given that they are primarily for applications in the food and pharmaceutical sector, which have a guaranteed market. This capitalisation consists of direct development costs. For the impairment analysis, this asset has been found to be recoverable under its fair value, based on the prices being set in the current market and the sales being transacted. Therefore, there have been no impairments in this respect. At 31 December 2018, the Group had a cancellation of fixed assets under development for a cost of EUR 259,274.40 and an accumulated amortisation of EUR 46,601.30. This cancellation was due to a development project that ultimately proved unsuccessful.

At 30 June 2019, the Group recorded postings for work performed by the company for its intangible assets for the value of EUR 1,081,614.08 (EUR 1,707,175.60 in 2018).

The Company also has purchasing commitments with a service provider for the performance of technological studies based on technical manufacturing procedures on an industrial scale. The contract amounts to EUR 240,000.00 in consideration and an amount of EUR 182,000.00 was recorded by the Company at 30 June 2019 as intangible assets under development (EUR 182,000.00 in 2018).

Research and development costs

The main R&D projects posted by the Group are as follows:

Description	Balance at 30/06/2019 (unaudited)
INTEGRA SNC	207,565.23
AQUAFLY	84,594.47
LEISHFLY	133,528.82
ADELIS PROJECT	107,793.25
BENTOFEV PROJECT	187,267.36
BOVIHEALTH	118,069.05
BIOMAP	611,868.38
CERVIPRO	290,117.75
RETOS	300,187.94
BNTLEISH	55,803.00
PROVACIN	364,517.40
INNOGLOBAL	269,744.58
LIPOGEL	339,981.95
HEALTHRESPIRA	131,414.48
ECOTOX	15,422.30
S-BBD-0006/13	44.11
S-BBD-0007/13	33,784.16
S-BBD-0001/14	246.35
S-BBD-0002/14	1,505.30
S-BBD-0003/14	65.80
S-BBD-0004/14	425.02
S-BBD-0005/14	11,305.90
S-BBD-0006/14	3,251.33
S-BBD-0007/14	1,500.76
S-BBD-0008/14	1,609.03
S-BBD-0009/14	1,448.54
LOREAL	4.58
OTOTOXICITY	21.01
S-BBD-0001/15	13,503.84
S-BBD-0004/15	2,585.95
S-BBD-004/15 VS2	7,488.04
S-BBD-0006/15	3,329.47
S-BBD-0009/15	13,039.56
S-BBD-0010/15	10,462.39
S-BBD-0011/15	6,763.47
INFEC/16	126,831.74
ECO/16	300,543.85
NEURO/16	376,413.05
TERATOOL	286,990.57
IMMUNO/17	154,054.53
HEPATO/17	26,475.36
TERATOOL2	40,328.16
KNIME	17,773.24
MABTOX	21,578.20
VACCINE RETOS	418,935.67
RETOS ZITOMABS	352,793.24
INTENSE	12,767.16
A3OH Sterile/oral	672.74
A3OH Synthesis improvement	530.95

Amp. Trihydrate oral/ sterile	9,592.65
Ampi. Sod. oral/sterile	15,765.78
Benzatin Ampicillin	8,033.46
RA Assistance	2,777.81
Cannabisyn Laboratory	81,969.53
Cannabisyn Recovery	19,337.28
Cloxa, Dicloxa, Flucloxa	84,111.69
Cloxacillin Benzathine	17,178.37
Daptomycin	48,593.20
Daptomycin Recovery	4,201.80
DHA	481,782.85
DHA France Laboratory	48,747.22
DHA France PPF	120,279.05
DHA Laboratory	266,858.01
DHA Recovery	68,122.60
Dicloxacillin	27,987.45
PHENYRILLIN	33,140.39
PHENETHICILLIN POTASSIUM	13,161.37
Flucoxacillin	11,183.87
Nafcillin	3,741.54
New products	1,370.76
New projects	8,767.43
Sodium Oxacillin	29,090.17
Penethamate HI	278.27
Benzatin Penicillin	74.87
PIPERACILLIN	6,670.45
PIPERACILLIN (acid)	11,127.30
Sodium Piperacillin	4,725.41
Biotech platform	15,182.26
Pristinamycin	4,166.47
PRISTINAMYCIN	167,087.74
ABB Probiotics	30,430.70
Sulbactam Sodium	638.32
TOTAL	7,113,125.11

The Group continues to invest heavily in Development to boost and strengthen its technology knowledge. All these projects are intended to improve the knowledge that can be applied directly to the work of the Group.

The Group policy is not to begin amortising the projects until they are completed.

Fully amortised intangible fixed assets

At 30 December 2019, the Company had intangible fixed assets that were fully amortised and still in use, the net book value of which amounted to EUR 3,261,399.75 (EUR 2,640,497.00 at 31 December 2018), in accordance with the enclosed table:

	Euros	
	30.06.2019	**31.12.2018**
Development	3,225,279.78	2,609,377.03
Intellectual property	3,300.00	3,300.00
Computer applications	32,819.97	27,819.97
Total	**3,261,399.75**	**2,640,497.00**

Assets subject to guarantees and ownership restrictions

At 30 June 2019 and 31 December 2018, there were no significant intangible assets subject to ownership restrictions or pledged as collateral for liabilities.

Insurance

The Group has several insurance policies in place to cover the risks to which tangible fixed assets are exposed. The coverage of these policies is considered sufficient.

Capital grants

The Group has received the grants set out in Note 20 for partial financing of its investments in development projects.

9. Tangible fixed assets

The breakdown and changes in the items included under "Tangible fixed assets " is as follows:

At 30 June 2019

	Balance at 31/12/2018 (audited)	Additions and allocations	Transfers	Disposals	Balance at 30/06/2019 (unaudited)
COST					
Land	2,018,984.56	-	-	-	2,018,984.56
Buildings and structures	10,400,321.17	-	-	-	10,400,321.17
Technical installations	18,244,586.39	9,318.59	2,916,544.91	-	21,170,449.89
Machinery	554,612.78	-	920,066.81	-	1,474,679.59
Tools	146,420.62	-	-	-	146,420.62
Other facilities	292,814.94	20,503.16	-	-	313,318.10
Furniture and fittings	289,935.97	-	-	-	289,935.97
Computer processing equipment	227,316.80	486.06	17,001.19	-	244,804.05
Transport elements	3,500.00	-	-	-	3,500.00
Other tangible fixed assets	3,620,754.49	-	628,408.76	-	4,249,163.25
Assets in progress and advances	4,953,461.18	3,186,158.55	(4,482,021.67)	-	3,657,598.06
Total	**40,752,708.90**	**3,216,466.36**	**-**	**-**	**43,969,175.26**
DEPRECIATION					
Buildings and structures	(665,324.19)	(106,635.69)	-	-	(771,959.88)
Technical installations	(1,928,244.02)	(548,977.60)	-	-	(2,477,221.62)
Machinery	(92,155.04)	(31,477.16)	-	-	(123,632.20)
Tools	(68,760.03)	(9,279.12)	-	-	(78,039.15)
Other facilities	(19,535.11)	(17,575.31)	-	-	(37,110.42)
Furniture and fittings	(29,212.32)	(10,687.87)	-	-	(39,900.19)
Computer processing equipment	(66,271.82)	(16,424.10)	-	-	(82,695.92)
Transport elements	(15,461.14)	(175.02)	-	-	(1,400.02)
Other tangible fixed assets	(497,731.48)	(196,527.73)	-	-	(708,495.35)
Total	**(3,382,695.15)**	**(937,759.60)**	-	**-**	**(4,320,454.75)**
Net Book Value	**37,370,013.75**				**39,648,720.51**

The main investments made by the Group during the first half of the financial year 2019 amounted to a figure of EUR 3,216,466.36 (EUR 3,099,468.45 in the financial year 2018), focused mainly on new installations, equipment and laboratory outfitting, workshops and start-up of fermentation activity, most of which were in turn related to the commitments entered into upon obtaining finance from the Ministry of Industry, Energy and Tourism, as referred to in Note 21.4.

The Group has no commitments for the sale of tangible fixed assets nor does it have items of tangible fixed assets in dispute.

At 30 June 2019, the Group records postings for work performed by the company for its tangible assets for a value of EUR 296,229.34 (EUR 233,612.95 in 2018).

FY 2018

	Balance at 31.12.2017	Entries from business combination	Additions and allocations	Transfers	Disposals	Balance at 31.12.2018
COST						
Land	1,867,347.24	185,860.00	.	(34,222.68)	.	2,018,984.56
Buildings and structures	8,073,575.61	2,256,629.64	.	70,115.92	.	10,400,321.17
Technical installations	8,088,929.50	311,846.64	18,610.30	9,825,199.95	.	18,244,586.39
Machinery	483,418.50	31,356.48	39,837.80	.	.	554,612.78
Tools	146,420.62	.	.	.	.	146,420.62
Other facilities	.	62,959.48	12,860.03	216,995.43	.	292,814.94
Furniture and fittings	128,123.24	20,590.85	17,671.52	123,550.36	.	289,935.97
Computer processing equipment	159,249.04	11,791.88	27,535.17	28,740.71	.	227,316.80
Transport elements	3,500.00	.	.	.	.	3,500.00
Other tangible fixed assets	1,788,287.51	38,500.01	1,327,188.56	466,778.41	.	3,620,754.49
Assets in progress and advances	7,353,284.89	179,933.47	8,494,010.21	(11,073,767.39)	.	4,953,461.18
Total	**28,092,136.15**	**3,099,468.45**	**9,937,713.59**	**(376,609.29)**	**.**	**40,752,708.90**
DEPRECIATION						
Buildings and structures	(484,414.52)	.	(201,452.89)	20,543.22	.	(665,324.19)
Technical installations	(1,217,748.05)	.	(710,495.97)	.	.	(1,928,244.02)
Machinery	(57,810.62)	.	(34,344.42)	.	.	(92,155.04)
Tools	(50,201.95)	.	(18,558.08)	.	.	(68,760.03)
Other facilities	.	.	(19,535.11)	.	.	(19,535.11)
Furniture and fittings	(11,008.10)	.	(18,204.22)	.	.	(29,212.32)
Computer processing equipment	(38,824.88)	.	(27,446.94)	.	.	(66,271.82)
Transport elements	(875.00)	.	(14,586.14)	.	.	(15,461.14)
Other tangible fixed assets	(267,847.30)	.	(229,884.18)	.	.	(497,731.48)
Total	**(2,128,730.42)**	**.**	**(1,274,507.95)**	**20,543.22**	**.**	**(3,382,695.15)**
Net Book Value	**25,963,405.73**					**37,370,013.75**

During the financial year 2018 Antibióticos de León S.L.U. transferred land and buildings under lease through the Non-Residential Property Lease Agreement (PLA) signed with Wacker Biosolutions León, S.L.U. to the property investments caption. (Note 24.7).

Tangible fixed assets subject to guarantees

The Group holds loans with lending institutions secured by land and buildings, referred to in its tangible fixed assets, with a net book value at 30 June 2019 of EUR 7,979,439.21 (EUR 8,061,563.68 in 2018).

The Group also holds other financial liabilities secured by land, referred to in its tangible fixed assets, which have a net book value at 30 June 2019 of EUR 429,603.77 (EUR 429,603.77 in 2018).

The Group's parent company has a loan secured by a real guarantee over land and buildings corresponding to its main facilities, with a net book value at 30 June 2019 of EUR 693,520.00 (EUR 702,189.00 in 2018).

Fixed assets for environmental management

At 30 June 2019, the Group posts tangible fixed assets for environmental management at a cost of EUR 3,707,119.61 (EUR 3,648,331.29 in 2018).

Assets under financial leases

At 30 June 2019, the Group has seven financial leases for facilities (seven at 31 December 2018), machinery and other tangible fixed assets, one of which is in progress.

Impairment losses

At 30 June 2019 and 31 December 2018, the Group has not recognised or reversed impairment losses for any individual tangible fixed assets.

Fully amortised assets

At 30 June 2019 and 31 December 2018 the fully amortised assets of the group were:

	30.06.2019	31.12.2018
Technical installations	388,667.46	163,817.02
Tools	12,150.00	3,260.00
Furniture and fittings	28,889.49	960.00
Information-processing equipment	21,411.28	7,142.22
Other tangible fixed assets	253,405.41	253,405.41
Total	**704,523.64**	**428,584.65**

Insurance

Group policy is to formalise insurance policies to cover the possible risks to which the various items of its tangible fixed assets are subject. At 30 June 2019, the Group estimates there is enough coverage as in the previous year.

10. Property investments

The composition and changes during the first half of 2019 in the accounts included under this heading of the accompanying balance sheet were as follows:

At 30 June 2019

	Balance at 31/12/2018 (audited)	Additions and allocations	Transfers	Disposals	Balance at 30/06/2019 (unaudited)
COST					
Land	82,127.46	-	-	-	82,127.46
Buildings and structures	1,073,970.66	-	-	-	1,073,970.66
Total	**1,156,098.12**	**-**	**-**	**-**	**1,156,098.12**
DEPRECIATION					
Buildings and structures	(85,917.69)	(10,739.70)	-	-	(96,657.39)
Total	**(85,917.69)**	**(10,739.70)**	**-**	**-**	**(96,657.39)**
Net Book Value	**1,070,180.43**				**1,059,440.73**

At 30 June 2019, the Group posts the land and buildings under lease of the Non-Residential Property Lease Agreement (PLA) contract held by one of its subsidiaries with the company Wacker Biosolutions León, S.L.U., starting in January 2018 and ending on 31 January 2028, under property investments.

The rental income obtained for this item in the period between 1 January 2019 and 30 June 2019 amounts to 109,720.08 euros (292,322.88 euros in 2018), which have been recorded in the profit and loss account under the heading of other operating income (Note 24.4).

FY 2018

	Balance at 31/12/2017	Entries from business combination	Additions and allocations	Transfers	Disposals	Balance at 31/12/2018 (audited)
COST						
Land	47,904.78	-	-	34,222.68	-	82,127.46
Buildings and structures	731,584.05	-	-	342,386.61	-	1,073,970.66
Total	**779,488.83**	**-**	**-**	**376,609.29**	**-**	**1,156,098.12**
DEPRECIATION						
Buildings and structures	(43,895.05)	-	(21,479.42)	(20,543.22)	-	(85,917.69)
Total	**(43,895.05)**	**-**	**(21,479.42)**	**(20,543.22)**	**-**	**(85,917.69)**
Net Book Value	**735,593.78**					**1,070,180.43**

Secured investment property

The Company holds loans with lending institutions secured by land and buildings, referred to in its property investments, with a net book value at 30 June 2019 of EUR 1,059,440.73 (EUR 1,070,180.43 in 2018) (Note 21).

11. Financial leases

The Group has the following classes of assets acquired under finance lease:

	30/06/2019 (unaudited)			31/12/2018 (audited)		
	Cost	Accumulated depreciation	Net Book Value	Cost	Accumulated depreciation	Net Book Value
Facilities	324,249.06	48,637.36	275,611.70	324,249.06	40,531.13	283,717.93
Machinery in progress	395,000.00	-	395,000.00	395,000.00	-	395,000.00
Laboratory equipment	183,434.58	32,101.06	151,333.52	183,434.58	22,929.33	160,505.25
Laboratory equipment	57,485.80	10,060.02	47,425.78	57,485.80	7,185.73	50,300.07
Laboratory equipment	282,545.57	2,354.55	280,191.02	282,545.57	-	282,545.57
Other facilities in progress	920,841.62	53,715.76	867,125.86	920,841.62	7,673.68	913,167.94
Izasa Incubator	68,777.52	23,688.65	45,088.87	68,777.52	19,595.95	49,181.57
Total	**2,232,334.15**	**170,557.40**	**2,061,776.75**	**2,232,334.15**	**97,915.82**	**2,134,418.33**

12. Financial instruments

12.1. Financial assets

a) Category analysis

The composition of the financial assets at 30 June 2019 and 31 December 2018 is as follows:

At 30 June 2019

	Long-term financial instruments			Short-term financial instruments			
Categories	**Equity instruments**	**Debt securities**	**Other Credits Derivatives**	**Equity instruments**	**Debt securities**	**Other Credits Derivatives**	**Total (unaudited)**
Assets at fair value with changes to profit or loss	-	800,190.58	-	-	-	-	800,190.58
Loans and other receivables	282,480.94	-	202,587.59	-	-	8,003,152.85	8,488,221.38
Total	**282,480.94**	**800,190.58**	**202,587.59**	**-**	**-**	**8,003,152.85**	**9,288,411.96**

FY 2018

	Long-term financial instruments			Short-term financial instruments			
Categories	**Equity instruments**	**Debt securities**	**Other Credits Derivatives**	**Equity instruments**	**Debt securities**	**Other Credits Derivatives**	**Total (audited)**
Assets at fair value with changes to profit or loss	-	800.190.58	-	-	-	-	800,190.58
Loans and other receivables	282,480.94	-	198,576.81	-	-	8,420,636.79	8,901,694.54
Total	**282,480.94**	**800,190.58**	**198,576.81**	**-**	**-**	**8,420,636.79**	**9,701,885.12**

Customers

On 31 December 2018, the Parent Company of the AdL Bionatur Solutions Group invoiced the sale of the R&D project entitled "Development of a novel universal vaccine against porcine circovirus, of greater efficacy than traditional vaccines" for the amount of EUR 553 thousand plus VAT.

The Parent Company had signed an agreement with the option to purchase the rights to this project for the second half of 2019 with Investigaciones Karius, A.I.E., executed on 24 July 2019.

On 28 December 2017, the Parent Company invoiced the sale of the R&D project entitled "Development of a CSF vaccine of greater efficacy than traditional live attenuated vaccines, with the safety of killed vaccines" for the sum of EUR 746 thousand plus VAT, aimed at the development of a novel recombinant vaccine on the Flylife platform. The Parent Company had received EUR 323 thousand of this amount at 30 June 2019.

The Parent Company signed an agreement with the option to purchase the rights to this project for the second half of 2018 with PPC Investigaciones Biotech, A.I.E. On 10 July 2018, the Company exercised the purchase option for the sum of EUR 0, acquiring 99.50% of the stake under the agreement.

Following execution of said purchase option, PPC Investigaciones Biotech A.I.E. became a subsidiary of the Group (Note 1.2).

Deposits and bonds

During financial year 2015, the controlling company made an advance payment of EUR 850,000 as a deposit and part payment of the purchase of 100% of the shares in a company. Subsequently, a regulatory announcement was issued on 3 December 2015, informing the market that the vendors had communicated their rejection of the joint tender submitted by the Parent Company and an investment partner, having instead opted instead to accept the offer of a third party. Consequently, the parent company attempted unsuccessfully to claim reimbursement, on an amicable basis, of the sum paid on account from the vendors. Therefore, on 16 March 2016, it filed an ordinary lawsuit for breach of contract and a claim for payment from the vendors at the local court in Madrid, claiming the amounts paid on account and a penalty equal to the amount paid.

The parent company had hired KPMG Abogados for the legal defence of the claim. During the course of the process, KPMG Lawyers stated that it was probable (>50% probability) that the claim would be successful and that the amounts claimed could be recovered. During the first half of 2018, this figure was posted to impairment losses, given that the Directors of the Parent Company believed that this amount would not be recovered.

The Parent Company lodged an appeal against the judgment of rejection of which notice was served on 18 May 2018.

During the first half of 2019, a judgment was received rejecting the appeal lodged, with costs awarded against at first and second instance. As a result, a provision of EUR 158,168.85 is recognised, derived from the corresponding appraisal received and accepted, said amount having been paid during the month of June 2019.

b) Classification by maturity

At 30 June 2019 and 31 December 2018, the amounts of financial assets with fixed or determinable maturity classified by year of maturity are as follows:

At 30 June 2019

	Maturity

Categories	1 year	2 years	3 years	4 years	Subsequent years	Without maturity	Total
Assets at fair value with changes to profit or loss	-	-	-	-	-	800,190.58	800,190.58
Loans and other receivables	8,003,152.85	221,546.27	-	-	98,897.54	164,624.72	8,488,221.38
Total	**8,003,152.85**	**221,546.27**	**-**	**-**	**98,897.54**	**964,815.30**	**9,288,411.96**

FY 2018

	Maturity						
Categories	1 year	2 years	3 years	4 years	Subsequent years	Without maturity	Total
Assets at fair value with changes to profit or loss	-	-	-	-	-	800,190.58	800,190.58
Loans and other receivables	8,420,636.79	122,259.03	-	-	193,774.00	165,024.72	8,901,694.54
Total	**8,420,636.79**	**122,259.03**	**-**	**-**	**193,774.00**	**965,215.30**	**9,701,885.12**

12.2. Financial liabilities

a) Category analysis

	Financial instruments long-term		Financial instruments short-term		Total
Categories	Bank borrowings	Other financial instruments	Bank borrowings	Other financial instruments	
Debts from group and related companies	-	8,739,500.00	-	806,885.08	**9,546,385.08**
Accounts payable	5,031,468.61	106,607.59	7,185,403.42	70,820.83	**12,394,300.45**
Other financial liabilities	-	22,851,587.31	-	9,422,663.35	**32,274,250.66**
Other accounts payable	-	-	-	10,185,092.98	**10,185,092.98**
Total	**5,031,468.61**	**31,697,694.90**	**7,185,403.42**	**20,485,462.24**	**64,400,029.17**

FY 2018

	Financial instruments long-term		Financial instruments short-term		Total
Categories	Bank borrowings	Other financial instruments	Bank borrowings	Other financial instruments	
Debts from group and related companies	-	7,000,000.00	-	293,863.05	**7,293,863.05**
Accounts payable	5,448,665.03	142,461.91	6,005,153.54	74,668.09	**11,670,948.57**
Other financial liabilities	-	25,073,681.01	-	2,764,607.93	**27,838,288.94**
Other accounts payable	-	-	-	9,901,521.03	**9,901,521.03**
Total	**5,448,665.03**	**32,216,142.92**	**6,005,153.54**	**13,034,660.10**	**56,704,621.59**

The book value of short-term and long-term debt is close to its fair value, given that the effect of discounting is not significant.

b) Classification by maturity

At 30 June 2019 and 31 December 2018, the amounts of financial liabilities with fixed or determinable maturity classified by year of maturity are as follows

At 30 June 2019

	Maturity					
Categories	**1 year**	**2 years**	**3 years**	**4 years**	**Over 5 years**	**Total**
Debts from group and related companies	806,885.08	1,500,000.00	-	-	7,239,500.00	**9,546,385.08**
Accounts payable	7,256,224.25	2,143,256.79	1,553,891.00	1,205,441.57	235,486.84	**12,394,300.45**
Other financial liabilities	9,422,663.35	3,517,004.06	3,991,482.60	4,194,648.00	11,148,452.65	**32,274,250.66**
Other accounts payable	10,185,092.98	-	-	-	-	**10,185,092.98**
Total	**27,670,865.66**	**7,160,260.85**	**5,545,373.60**	**5,400,089.57**	**18,623,439.49**	**64,400,029.17**

FY 2018

	Maturity					
Categories	**1 year**	**2 years**	**3 years**	**4 years**	**Over 5 years**	**Total**
Debts from group and related companies	293,863.05	1,500,000.00	-	-	5,500,000.00	**7,293,863.05**
Accounts payable	6,079,821.63	1,839,461.64	1,575,164.20	1,679,558.16	496,942.94	**11,670,948.57**
Other financial liabilities	2,764,607.93	3,185,512.42	3,500,399.74	5,369,126.38	13,018,642.46	**27,838,288.94**
Other accounts payable	9,901,521.03	-	-	-	-	**9,901,521.03**
Total	**19,039,813.64**	**6,524,974.06**	**5,075,563.94**	**7,048,684.54**	**19,015,585.40**	**56,704,621.58**

13. Financial assets at fair value with changes to profit or loss

The composition of the financial assets at fair value with changes to profit and loss at 30 June 2019 and 31 December 2018 is as follows:

	Balance at 30/06/2019	**Balance at 31/12/2018**
Long-term investments		
Long-term debt securities	800,190.58	800,190.58
Total	**800,190.58**	**800,190.58**

Long and short term debt securities

On 26 May 2016, as a consequence of the guarantee operation for EUR 1,750,000 granted before the Ministry of Industry, Energy and Tourism, the Group arranged with Banco Popular Español, S.A. a pledge counter-guarantee comprising 7,141 shares with the Eurovalor Estabilidad fund, for a total nominal value of EUR 800,108.09. The Group acquired EUR 2,500,000.00 in 22,312 shares with which it operated over the year until ending the year with 7,143 shares worth EUR 800.190.58 (Note 12.1).

14. Financial investments

The composition of financial investments as of 30 June 2019 and 31 December 2018, except for financial assets at fair value with changes to profit or loss (Note 13), and trade and other receivables, are as follows:

	Balance at 30/06/2019	Balance at 31/12/2018
Long-term investments		
Equity instruments	282,480.94	282,480.94
Other financial assets	202,587.59	198,576.81
Short-term investments		
Loans to companies	10,713.76	9,113.76
Other financial assets	1,167,374.54	1,140,961.57
Total	**1,663,156.83**	**1,631,133.08**

<u>**Long-term investments**</u>

- **Equity instruments**

At 30 June 2019 the Group held 105 subscribed and paid-up shares in the mutual guarantee scheme Iberaval, Sociedad de Garantía Recíproca, acquired on 11 August 2015 as a consequence of the granting of a credit operation for an amount of EUR 500,000.00 derived from the bank Banco Popular Español, S.A. for a total nominal value of EUR 12,600.00, registered as long-term "Equity instruments".

At 30 June 2019, the Group holds 1.99% (8,741 shares) capital in the company IGEN Biotech for an amount of EUR 149,880.94.

The remaining EUR 120,000.00 are non-significant shareholdings through a contract signed with Abaxys, for the company BBD Biophenix, S.L.U.

- **Other financial assets**

On 6 February 2017, as a consequence of the main operation for the sale of assets to Wacker Biosolutions León, S.L.U. performed in the December 2016 (see Note 24.7), a security deposit was opened for an amount of EUR 30,402.00, corresponding to the surety provided by Wacker Biosolutions León, as established in the Non-Residential Property Lease Agreement (PLA). This deposit is conditional upon the term of the aforementioned lease and is remunerated at an annual nominal interest rate of 0.20%.

This entry furthermore records an amount of EUR 64,222.00 for the cash guarantee deposits demanded by the Ministry of Science, Innovation and Universities, following the granting of a reimbursable loan for the development of one of the R&D projects begun during the financial year 2018.

The Group has EUR 29,634.30 placed in deposit for the leased premises at Guipúzcoa Science Technology Park, for the development of the activities of one of its subsidiaries.

It also has EUR 68,274.37 deposited as a cash guarantee for the loans of the RETOS programme of the Ministry of Energy and Competitiveness.

<u>**Short-term investments**</u>

- **Loans to companies**

At 30 June 2019 the Group had EUR 10,713.76 (EUR 8,597.25 at 31 December 2018), corresponding in the main to interest on loans to other entities.

- **Other financial assets**

At 31 December 2018, the Group held two deposits with Banco Sabadell under the "Other financial assets" caption, classified as short-term on the balance sheet, which have been renewed annually at a fixed term, maturing in May 2020 and with a remuneration of 0.20% nominal annual interest for the sum of EUR 250,000.00, and in November 2019 for the sum of EUR 250,000.00 with a remuneration of 0.30% annual nominal interest. This operation has not generated any cash inflows or outflows. These deposits are also pledged as a result of the granting of the guarantee of EUR 1,084,080.00 to secure the commitment of job creation and recovery of former workers of Antibióticos, S.A.U. On 11 October 2018 the pledge over part of these deposits was cancelled, for an amount of EUR 164,000.00, ultimately leaving, at 31 December 2018 and 30 June 2019, a deposited amount of EUR 336,000.00 pledged, with a nominal annual interest rate of 0.00%.

On 22 September 2017, the Group formalised two deposits with Banco Popular for amounts of EUR 42,000.00 and EUR 120,000.00, with initial maturity in September 2018, renewed until September 2020, and remunerated at 0.10% nominal interest. Both deposits are pledged following the granting of two financial leases (Note 11) amounting to EUR 57,485.80 and EUR 183,434.58 respectively.

On 22 February 2018, the Group formalised a fixed-term deposit with Banco Popular amounting to EUR 355,000.00, for the granting of the guarantee to Endesa.

The Group has EUR 20,050.00 deposited for actions undertaken by the court agent in the lawsuit being brought against the company the acquisition of which was ultimately not completed.

On 28 April 2017, the Group formalised a deposit with Banco Popular for EUR 250,000.00 maturing in April 2019 and renewed until April 2020, remunerated at 0.30% annual nominal interest. The aforementioned deposit is pledged as a consequence of the granting of the guarantee for an amount of EUR 1,750,000.00 before the Ministry of Industry, Energy and Tourism, to cover obligations derived from the granting of a loan associated with the "Increase in the competitive capacity and production and improvement of the production lines of Antibióticos de León, S.L.U."

15. Stocks

The inventory stock held by the Group at 30 June 2019 and 31 December 2018 was as follows:

	30.06.2019 (unaudited)	31.12.2018 (audited)
Trade	27,661.30	27,251.64
Raw materials and other consumables	2,905,783.67	2,979,925.80
Work in progress	1,345,764.11	889,228.00
Finished goods	2,773,809.12	1,865,767.42
Long-term	*461,126.44*	*365,769.42*
Short-term	*2,312,682.68*	*1,499,998.00*
Advance payments to suppliers	1,047,987.11	795,388.08
Total	**8,101,005.31**	**6,557,560.94**

The Group has greenhouse gas emissions rights provided free of charge by the Ministry of Agriculture and Fisheries, Food and Environment. At 30 June 2019, the Group has emission rights valued at EUR 461,126.44 (EUR 365,769.42 in 2018) in its long-term inventory stock.

At the company Antibióticos de León there are no substantive circumstances, facts or limitations affecting ownership, availability or valuation of inventory stock. The Company mainly keeps in stock raw materials and oral finished products, such as 6APA, in the case of raw materials, and amoxicillins, in the case of finished products. Finished products are first retested 4 years after production, following which date they undergo periodic reviews to increase their useful life based on the results of the retesting. Raw materials are included in the production process and retesting is not necessary. Thus, the Group does not consider there to be deterioration problems with its inventory stock, with the exception of the above.

At 30 June 2019 and 31 December 2018, there are commitments with customers involving minimum orders of 15 tonnes per year over two years.

Risks to inventory stock are covered by an insurance policy and the coverage of this latter is considered sufficient.

16. Trade and other accounts receivable

The composition at 30 June 2019 and 31 December 2018 is as follows:

Trade and other accounts receivable	30.06.2019 (unaudited)	31.12.2018 (audited)
Trade receivables	6,441,290.22	6,876,311.21
Debtors	181,531.02	354,458.39
Employee receivables	202,243.31	39,791.87
Total	**6,825,064.55**	**7,270,561.47**

The heading “Trade and other accounts receivable - Trade receivables for sales and services” in the accompanying balance sheet contains amounts receivable from the sale of stocks and the delivery of services.

At 30 June 2019 and 31 December 2018, the Company had the following potentially non-performing collectable balances:

Operating provision	30.06.2019 (unaudited)	31.12.2018 (audited)
Opening balance	**2,107,491.56**	-
Entries from business combination	-	1,127,868.72
Allocations	25,850.00	1,025,759.17
Losses	-	-
Appropriations	-	(46,136.33)
Closing balance	**2,133,341.56**	**2,107,491.56**

Normally interest is not earned on accounts receivable as the average credit period granted is less than 30 days. All balances under these captions fall due over the course of 2019, considering that the amount recorded on the accompanying balance sheet in relation to these assets approximates their fair value.

17. Cash and cash equivalents

The composition at 30 June 2019 and 31 December 2018 is as follows:

	30.06.2019 (unaudited)	31.12.2018 (audited)
Cash at bank and in hand	4,151,984.38	3,910,980.71
Liquidity accounts	61,407.01	40,155.28
Total	**4,213,391.39**	**3,951,135.99**

All balances are unrestricted. The Group holds its cash and cash equivalents in financial institutions with high creditworthiness.

18. Capital and reserves

18.1. Share capital

As a consequence of the registration of the business combination which occurred in 2018 (Note 6), the capital derived from this reverse business combination corresponds to the Parent Company (ADL Bionatur Solutions, S.A.). At 31 December 2018, the Controlling Company's share capital was represented by 5,090,179 shares, each of a nominal value of EUR 0.05 and fully subscribed and paid in.

At the General Meeting held on 25 April 2018, it was agreed to increase the company's share capital through non-monetary contributions for a nominal sum of EUR 1,442,217.10, by issuing and releasing 28,844,342 new shares with a par value of EUR 0.05 each, with an issue premium of EUR 2.59 per share, all of the same class and series are those currently released. The consideration comprised the entire stake in Antibióticos de León S.L.U. for subscription by BTC Uno S.à.r.L. This increase was entered in the Companies Register of Cádiz on 23 July 2018.

On 13 July 2018, the Extraordinary General Meeting of Shareholders of the Company agreed to increase share capital by a nominal amount of EUR 342,500.00 by issuing and releasing 6,850,000 new, ordinary shares with a par value of EUR 0.05 each, of the same class and series as those currently released, represented by book entries. The shares thus ended up as follows:

Shareholders	% stake
BTC Uno. S.á.r.l.	73.23%
Víctor Infante Viñolo	5.08%
Minority Shareholders	21.69%

	100.00%

The new shares were issued with the right of pre-emption excluded, for their par value of EUR 0.05 plus a minimum share premium of EUR 2.15 per share, leading to a minimum total issue rate of EUR 2.20 per share including the par value and the share premium (the "Minimum Issue Rate").

By the powers vested in it by said agreement reached at the Extraordinary General Meeting, the Board of Directors of the Parent Company met on 18 July 2018 and agreed to implement said increase in capital by issuing 5,454,546 shares at an Issue Rate of EUR 2.20 per share, EUR 0.05 corresponding to the par value and the remaining EUR 2.15 to the share premium, leading to a total issue amount of EUR 12,000,001.20, with EUR 272,727.30 corresponding to the par value and EUR 11,727,273.90 to the share premium.

The nominal value and the share premium for the new shares have been fully paid up through monetary contributions. Pursuant to the foregoing paragraphs, the Company's share capital increased from EUR 1,696,726.05, divided into EUR 33,934,521 shares, to EUR 1,969,453.35, divided into EUR 39,389,067 ordinary shares with a par value of EUR 0.05 each, represented by book entries of one single class and series.

At 30 June 2019 the shares in the capital stock of the Company would be as follows:

Shareholders	% stake
BTC Uno. S.á.r.l.	70.98%
Víctor Infante Viñolo	5.08%
Minority Shareholders	23.94%
	100.00%

18.2. Reserves, results from prior financial years and other shareholder contributions

	Euros	
	30.06.2019	**31.12.2018**
Controlling company reserves:		
Non-distributable reserves:	**31,280.64**	**31,280.64**
- Legal reserve	31,280.64	31,280.64
Unrestricted reserves:	**(38,158,174.38)**	**(35,979,942.03)**
- Voluntary reserves	(38,158,174.38)	(35,979,942.03)
Total controlling company reserves	**(38,126,893.74)**	**(35,948,661.39)**

18.2.1. Share premium.

The share issue premium is freely available and amounted at 30 June 2019 and at 31 December 2018 to EUR 86,434,119.98, derived from the capital increase explained under the previous caption.

18.2.2. Legal reserve

The legal reserve has been endowed in accordance with Article 274 of the Spanish Companies Act. This article requires the equivalent of 10% of the profit for the financial year to be allocated to a legal reserve until a level of at least 20% of the share capital is reached.

Until the stipulated limit is exceeded, the legal reserve can only be used to offset losses if there are no other reserves available for this.

18.2.3. Voluntary reserves

These reserves are unrestricted.

18.2.4

The Group has no reserves of this nature.

18.3. Own shares held

At 30 June 2019 the Group held 53,450 shares of treasury stock in deposit in the liquidity account, with a value of EUR 113,532.36, derived from the business combination (Note 6) performed on 25 April 2018. During the period from 1 January 2019 to 30 June 2019, trading transactions were carried out for EUR 405,118.67 and EUR 368,684.28, respectively.

The company ADL Bionatur Solutions, S.A. (formally named Bioorganic Research and Services, S.A.), signed a liquidity contract with the placement bank, BEKA FINANCE for the purpose of its flotation on the alternative stock market (Mercado Alternativo Bursátil). This agreement provided for the delivery of a specific sum in own shares and the deposit of a cash amount for their management by BANKIA. The purpose of this agreement is to allow investors to trade company shares, ensuring that any party so wishing could buy or sell the shares.

The variation in treasury stock during the first half of the financial years 2018 and 2019 was as follows:

At 30 June 2019

	Euros
At 31 December 2018	**375,151.97**
Sales	(368,684.28)
Acquisitions	405,118.67
At 30 June 2019 (unaudited)	**411,586.36**

FY 2018

	Euros
At 1 May 2018	**-**
Entries from business combination	**91,318.24**
Sales	(310,385.08)
Acquisitions	594,218.81
At 31 December 2018	**375,151.97**

18.4 Other Shareholder contributions

Under 'Other shareholder contributions' the Company primarily records interest earned in FY 2015 for the amount of EUR 531,324.44, posted against equity since the Sole Shareholder of Antibióticos de León at that time indicated that this interest was waived and payment thereof would not be enforced.
On 14 August 2018, shareholder contributions amounting to EUR 10,700,000.00 were made by the Group's parent company to Antibióticos de León. This transaction was deleted following the business combination indicated in Note 6.

19. Minorities

This entry records the balances corresponding to 30% of the shareholder stake in the Hong Kong-based subsidiary BNT PACIFIC.

20. Grants, donations and bequests received.

The Group receives grants primarily to fund its R&D investment and to subsidise greenhouse gas emissions rights.

The detail of the main non-reimbursable capital grants received at 30 June 2019 and at 31 December 2018 recorded on the balance sheet under the caption "Grants, donations and bequests received" is as follows:

Title	Public or private agency	Type of entity	AMOUNT 30.06.2019 (unaudited)	AMOUNT 31.12.2018 (audited)
FLYLIFE-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	11,847.97	13,420.39
SNCINTEGRA PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	88,118.64	117,491.52
ADELIS PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	46,969.80	62,626.38
AQUAFLY-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	7,144.35	9,427.00
BENTOFEV-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	24,651.70	29,582.08
BOVIHEALTH PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	25,746.29	30,895.55
CERVIPRO-CDTI PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	109,666.18	121,851.28
PTQ-14-06607	MINISTRY OF SCIENCE AND INNOVATION	NATIONAL	-	24,071.77
BIOMAP PROJECT	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	264,902.43	297,180.33
RETOS-LEISH PROJECT	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	74,018.92	84,593.02
LEISH-CTA PROJECT	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	27,664.48	22,502.46
CDTI- ITC-20161016 PROVACIN	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	78,220.51	78,220.51
CDTI INNOGLOBAL	CENTRO DESARROLLO TECNOL. INDUSTRIAL	NATIONAL	89,686.94	69,581.24
CTA CIRCOFLY	CORPORACIÓN TECNOLÓGICA DE ANDALUCÍA	REGIONAL	35,959.54	22,182.51
-MATBOX PROJECT	EUROPEAN FUND	EUROPEAN	19,199.41	-
- INTENSO PROJECT	EUROPEAN FUND	EUROPEAN	66,720.25	-
TQ 2014 GRANT	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	17,216.85	-
PTQ 15-07963	MINISTRY OF ECONOMY AND COMPETITIVENESS	NATIONAL	62,144.00	-
EMISSION RIGHTS	MINISTRY OF AGRICULTURE AND FISHERIES,	NATIONAL	245,320.10	110,739.71
			1,295,198.36	**1,094,365.75**

With this funding, the Group is able to meet its investment needs in R&D costs in order to maintain and expand its technological capacity.

The remainder of the Group's grants are related to zero-rate loans amounting to EUR 245,875.71 at 30 June 2019 (339,397.35 euros in 2018).

The variation in these grants was as follows:

	30.06.2019 (unaudited)	31.12.2018 (audited)
Opening balance	1,433,763.10	31,361.39
Entries from business combination	-	1,180,854.89
Received in the period	510,222.91	607,795.50
Charged to income/(loss)	(402,911.95)	(409,830.49)
Other decreases	-	23,581.81
Balance at year-end	**1,541,074.06**	**1,433,763.10**

The figures in the above table are net of the associated tax effect.

21. Current and non-current payables

The composition of these balance sheet captions at 30 June 2019 and 31 December 2018 is as follows:

	30/06/2019 (unaudited)			31/12/2018 (audited)		
	Non-current payables	Current payables	Total	Non-current payables	Current payables	Total
Bank borrowings	**4,379,256.81**	**6,769,237.13**	**11,148,493.94**	**4,585,970.84**	**5,598,465.12**	**10,184,435.96**
Loans	4,379,256.81	3,252,361.16	**7,631,617.97**	4,585,970.84	1,992,009.81	**6,577,980.65**
Credit facilities	-	3,516,875.97	**3,516,875.97**	-	3,606,455.31	**3,606,455.31**
Accounts payable under financial leasing	**758,819.39**	**486,987.12**	**1,245,806.51**	**1,005,156.10**	**481,356.51**	**1,486,512.61**
Other financial liabilities	**22,851,587.31**	**9,422,663.35**	**32,274,250.66**	**25,073,681.01**	**2,764,607.93**	**27,838,288.94**
Payables to Group and associated companies	**8,739,500.00**	**806,885.08**	**9,546,385.08**	**7,000,000.00**	**293,863.05**	**7,293,863.05**
Total	**36,729,163.51**	**17,485,772.68**	**54,214,936.19**	**37,664,807.95**	**9,138,292.61**	**46,803,100.56**

At 30 June 2019 and 31 December 2018, the breakdown of payables by residual maturity is as follows:

	30/06/2019 (unaudited)					31/12/2018 (audited)				
	Bank borrowings	Accounts payable under financial leasing	Other financial liabilities	Debts from group and related companies	Total	Bank borrowings	Accounts payable under financial leasing	Other financial liabilities	Debts from group and related companies	Total
Up to 1 year	6,769,237.13	486,987.12	9,422,663.35	806,885.08	17,485,772.68	5,598,465.12	481,356.51	2,764,607.93	293,863.05	9,138,292.61
Between 1 and 2 years	1,800,520.71	342,736.08	3,517,004.06	1,500,000.00	7,160,260.85	1,387,537.61	451,924.03	3,185,512.42	-	5,024,974.06
Between 2 and 3 years	1,325,959.54	227,931.34	3,991,482.60	5,500,000.00	11,045,373.48	1,308,267.98	266,896.22	3,500,399.74	1,500,000.00	6,575,563.93
Between 3 and 4 years	1,017,289.60	188,151.97	4,194,648.00	1,739,500.00	7,139,589.57	1,286,455.18	199,443.42	4,339,231.22	5,500,000.00	11,325,129.82
Over 4 years	235,486.96	-	11,148,452.65	-	11,383,939.61	603,710.08	86,892.43	14,048,537.63	-	14,739,140.14
Total	**11,148,493.94**	**1,245,806.51**	**32,274,250.66**	**9,546,385.08**	**54,214,936.19**	**10,184,435.96**	**1,486,512.61**	**27,838,288.94**	**7,293,863.05**	**46,803,100.56**

21.1. Bank borrowings

The breakdown of loans taken out and their key conditions at 30 June 2019 and 31 December 2018 is as follows:

					30.06.2019 (unaudited)			31.12.2018 (audited)		
Bank	**Maturity date**	**Interest interest**	**Amount**	**Instalment**	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**
BANCO POPULAR ESPAÑOL, S.A.	11/08/2020	1.98%	500,000.00	Annually	100,000.00	100,000.00	200,000.00	100,000.00	100,000.00	200,000.00
BANCO POPULAR ESPAÑOL, S.A.	24/02/2023	3.25%	1,000,000.00	Monthly	468,553.57	165,513.24	634,066.81	551,981.14	162,848.98	714,830.12
BANCO POPULAR ESPAÑOL, S.A.	03/03/2023	3.25%	500,000.00	Monthly	241,276.06	82,533.14	323,809.20	282,877.98	81,204.60	364,082.58
BANCO POPULAR ESPAÑOL, S.A.	20/04/2023	2.87%	1,000,000.00	Monthly	616,589.43	194,359.03	810,948.46	714,444.65	191,674.88	906,119.53
BANCO POPULAR ESPAÑOL, S.A.	20/07/2023	2.81%	1,000,000.00	Monthly	665,842.34	192,969.35	858,811.69	762,968.70	190,286.44	953,255.14
BANCO POPULAR ESPAÑOL, S.A.	18/01/2019	0.00%	127,184.42	Monthly	-	-	-	-	42,394.80	42,394.80
BANCO POPULAR ESPAÑOL, S.A.	30/06/2019	4.20%	600,000.00	Monthly	-	600,000.00	600,000.00	-	-	-
BANCO POPULAR ESPAÑOL, S.A.	05/07/2019	4.50%	150,000.00	Monthly	-	50,187.26	50,187.26	-	-	-
BANKIA, S.A.	19/02/2023	3.29%	1,500,000.00	Monthly	701,297.03	248,317.42	949,614.45	826,407.73	244,529.84	1,070,937.57
BANCO DE SABADELL	28/02/2023	3.25%	1,500,000.00	Monthly	702,830.76	248,269.75	951,100.51	827,972.84	244,273.34	1,072,246.18
ABANCA	20/04/2022	2.40%	280,000.00	Monthly	131,670.45	69,417.86	201,088.31	-	-	-
ABANCA	20/04/2022	2.40%	280,000.00	Monthly	-	-	-	166,587.43	68,590.63	235,178.06
ABANCA	01/07/2020	2.70%	393,000.00	Annually	393,000.00	-	393,000.00	-	-	-
ABANCA	01/02/2020	2.70%	394,000.00	Annually	-	394,000.00	394,000.00	-	-	-
ABANCA	01/03/2020	2.70%	219,426.00	Annually	-	219,426.00	219,426.00	-	-	-
INTEREST ON DEBTS	-	-	-	Monthly	-	12,920.06	12,920.06	-	-	-
CAIXABANK	01/06/2030	EUR +3%	433,450.00	Monthly	249,127.76	21,049.73	270,177.49	259,731.46	21,219.98	280,951.44
BANKIA, S.A.	02/07/2019	EUR+2.25%	575,000.00	Single instalment	-	575,000.00	575,000.00	-	575,000.00	575,000.00
BANCO SANTANDER	30/10/2020	EUR+4.35%	100,000.00	Monthly	9,169.00	21,442.54	30,611.54	18,180.57	21,001.39	39,181.96
BANCO SANTANDER	24/04/2019	6.40%	22,646.25	Monthly	-	9,614.58	9,614.58	-	17,042.54	17,042.54
BANCO SANTANDER	08/04/2024	3.66%	50,000.00	Monthly	39,136.90	9,339.44	48,476.34	-	-	-
BBVA	05/07/2022	2.85%	140,000.00	Monthly	60,763.51	27,911.03	88,674.54	74,818.34	27,516.59	102,334.93
Cards	2019	-	-	-	-	10,090.73	10,090.73	-	4,425,80	4,425,80
					4,379,256.81	**3,252,361.16**	**7,631,617.97**	**4,585,970.84**	**1,992,009.81**	**6,577,980.65**

At 30 June 2019 the Group had loans with credit entities guaranteed by means of land and buildings for a total of EUR 3,128,768.46 (EUR 3,222,096.45 at 31 December 2018). The net book value of guaranteed assets amounts to EUR 9,038,879.94 at 30 June 2019 (EUR 9,131,744.11 at 31 December 2018) (see Notes 9 and 10).

The Group's parent company has a loan secured by a real guarantee over land and buildings corresponding to its main facilities, with a net book value at 30 June 2019 of EUR 693,520.00 (EUR 702,189.00 at 31 December 2018)

All loans taken out have accrued market interest rates.

21.2. Credit facilities

The breakdown of the credit facilities taken out and their key conditions at 31 June 2019 and 31 December 2018 is as follows:

			30.06.2019 (unaudited)			31.12.2018 (audited)		
Bank	**Maturity date**	**Limit**	**Non-current**	**Current liabilities**	**Total**	**Non-current**	**Current liabilities**	**Total**
BANKIA, S.A.	2019	1,500,000.00	-	1,492,977.98	1,492,977.98	-	1,999,485.98	1,999,485,98
BANCO DE SABADELL	2019	1,500,000.00	-	454,908.30	454,908.30	-	597,851.68	597,851.68
ABANCA	2019	806,000.00	-	358,403.50	358,403.50	-	728,101.75	728,101.75
ABANCA	2019	1,000.000.00	-	494,105.26	494,105.26			
BBVA	2019	100,000.00	-	78,206.39	78,206.39	-	12,972.76	12,972.76
CAJA RURAL ZAMORA	2019	440,000.00	-	446,000.00	446,000.00			
UNICAJA	2019	75,000.00	-	74,149.85	74,149.85	-	74,373.79	74,373.79
BANCO SANTANDER	2019	120,000.00	-	118,124.69	118,124.69	-	118,680.19	118,680.19
BANCO SANTANDER	2019	150,000.00	-	-	-	-	74,989.16	74,989.16
			-	**3,516,875.97**	**3,516,875.97**	**-**	**3,606,455.31**	**3,606,455.31**

21.3. Accounts payable under financial leasing

The breakdown of debt with accounts payable under financial leasing and its key conditions at 30 June 2019 and 31 December 2018 is as follows:

					30.06.2019 (unaudited)			31.12.2018 (audited)		
Bank	**Maturity date**	**Interest interest**	**Amount**	**Instalment**	**Non-current liabilities**	**Current liabilities**	**Total**	**Non-current liabilities**	**Current liabilities**	**Total**
BANCO POPULAR ESPAÑOL, S.A.	23/09/2020	4.33%	395,000.00	Monthly	28,538.26	83,239.03	111,777.29	70,576.37	81,581.31	152,157.68
BANCO POPULAR ESPAÑOL, S.A.	22/09/2020	4.33%	324,249.06	Monthly	23,426.46	68,329.63	91,756.09	57,934.90	66,968.81	124,903.71
BANCO POPULAR ESPAÑOL, S.A.	19/08/2020	2.75%	57,485.80	Monthly	4,844.53	19,048.82	23,893.35	14,434.34	18,788.99	33,223.33
BANCO POPULAR ESPAÑOL, S.A.	19/08/2020	2.75%	183,434.58	Monthly	15,458.60	60,783.92	76,242.52	46,059.32	59,954.81	106,014.13
TELEFÓNICA INGENIERÍA DE SEGURIDAD, S.A.	05/12/2021	5.02%	282,545.57	Monthly	106,607.59	70,820.83	177,428.42	142,461.91	74,668.09	217,130.00
BBVA	05/12/2021	6.10%	920,841.62	Monthly	563,354.15	170,939.50	734,293.65	650,141.89	165,747.48	815,889.37
BANCO SANTANDER	17/08/2021	3%	68,777.52	Monthly	16,589.80	13,825.39	30,415.19	23,547.37	13,647.02	37,194.39
					758,819.39	**486,987.12**	**1,245,806.51**	**1,005,156.10**	**481,356.51**	**1,486,512.61**

21.4. Other financial liabilities

The breakdown of other financial liabilities and their key conditions at 30 June 2019 and 31 December 2018 is as follows:

					30.06.2019			31.12.2018		
Bank	Maturity date	Type interest	Amount	Instalment	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total
ENTERPRISE INNOVATION, FINANCE AND INTERNATIONALISATION AGENCY	10/07/2023	EUR +1.351 %	1,193,950.70	Monthly	696,471.22	198,991.78	895,463.00	795,967.13	198,991.77	994,958.90
MINISTRY OF INDUSTRY, ECONOMY AND COMPETITIVENESS	29/12/2026	2,290%	15,590,499.00	Monthly	13,275,072.01	2,315,426.99	15,590,499.00	15,590,499.00	-	15,590,499.00
DEPOSIT	31/12/2027	2028	30,402.00	-	30,402.00	-	30,402.00	30,402.00	-	30,402.00
SODICAL	05/10/2018	EUR+2%	5,000,000.00	Quarterly	5,000.000.00	-	5,000.000.00	5,000.000.00	-	5,000,000.00
ANNU INVERSIONES	17/04/2020	8%	1,700,000.00	Annually	-	1,700,000.00	1,700,000.00	-	-	-
MINISTRY		0%	70,094.00	Monthly	70,094.00	-	70,094.00	-	-	-
FIXED ASSET SUPPLIERS	08/07/1905	2019	-	-	-	3,815,351.94	3,815,351.94	-	895,879.42	895,879.42
INTEREST ON DEBTS	08/07/1905	2019	-	-	-	212,038.72	212,038.72	-	363,193.06	363,193.06
MINISTRY OF INDUSTRY, TOURISM AND TRADE REINDUS 09	01/10/2023	0%	108,988.00	Annually	40,204.69	10,817.02	51,021.71	39,619.67	10,659.63	50,279.30
MINISTRY OF INDUSTRY, TOURISM AND TRADE REINDUS 10	01/10/2024	0%	321,826.90	Annually	141,866.66	46,014.36	187,881.02	139,802.35	63,482.64	203,284.99
MINISTRY OF SCIENCE AND INNOVATION ACTEPARQ 08	15/06/2023	0%	49,125.96	Annually	11,255.30	3,979.10	15,234.40	15,012.72	4,039.16	19,051.88
MINISTRY OF SCIENCE AND INNOVATION ACTEPARQ 09	31/10/2024	0%	857,709.00	Annually	363,637.61	117,945.50	481,583.11	358,346.31	162,720.94	521,067.25
CENTRO PARA EL DESARROLLO TECNOLOGICO NEOTEC	31/12/2025	0%	144,000.00	Annually	144,146.08	-	144,146.08	144,146.08	-	144,146.08
CORPORACION TECNOLOGICA DE ANDALUCIA MEDUSAS	31/01/2021	0%	12,620.24	Annually	793.31	1,240.29	2,033.60	2,003.99	1,258.91	3,262.90
CORPORACION TECNOLOGICA DE ANDALUCIA READI	31/01/2021	0%	58,920.53	Annually	16,611.19	5,790.33	22,401.52	22,329.49	5,967.03	28,296.52
CORPORACION TECNOLOGICA DE ANDALUCIA DIVERTRAP	31/01/2021	0%	38,820.30	Annually	5,959.22	11,579.09	17,538.31	9,632.03	7,754.34	17,386.37
MINISTRY OF SCIENCE AND INNOVATION ACTEPARQ 10	31/10/2025	0%	90,437.00	Annually	40,417.24	7,461.73	47,878.97	39,829.13	7,353.15	47,182.28
MINISTRY OF SCIENCE AND INNOVATION INNPLANTA 10	31/10/2025	0%	533,444.63	Annually	383,290.30	150,154.63	533,444.93	383,290.30	150,154.63	533,444.93
CORPORACION TECNOLOGICA DE ANDALUCIA KIMERA	31/01/2021	0%	151,050.66	Annually	67,322.32	14,844.33	82,166.65	80,971.04	15,067.18	96,038.22
CORPORACION TECNOLOGICA DE ANDALUCIA FLYLIFE	31/01/2021	0%	267,221.78	Annually	67,616.54	26,261.13	93,877.67	92,511.64	26,655.37	119,167.01
CENTRO PARA EL DESARROLLO TECNOLOGICO SCALPROT	31/08/2021	0%	159,188.66	Annually	40,402.67	10,559.85	50,962.52	39,814.78	20,812.38	60,627.16
CORPORACION TECNOLOGICA DE ANDALUCIA AQUIAFLY	31/01/2028	0%	91,163.15	Annually	49,582.71	8,570.27	58,152.98	57,306.77	8,698.93	66,005.70
CORPORACION TECNOLOGICA DE ANDALUCIA BOVIHEALTH	31/01/2028	0%	68,656.77	Annually	47,357.43	6,747.16	54,104.59	53,317.32	6,848.45	60,165.77
CORPORACION TECNOLOGICA DE ANDALUCIA BENTOFEV	31/01/2029	0%	197,214.17	Annually	144,455.89	19,381.02	163,836.91	161,452.96	7,405.52	168,858.48
CORPORACION TECNOLOGICA DE ANDALUCIA BNTLEISH	31/01/2031	0%	77,793.68	Annually	89,518.19	1,378.56	90,896.75	73,826.18	-	73,826.18
MINISTRY OF INDUSTRY, ENERGY AND TRADE REINDUS 12	01/10/2022	4%	593,673.00	Annually	292,394.15	135,996.97	428,391.12	292,394.15	190,395.73	482,789.88
MINISTRY OF ECONOMY AND COMPETITIVENESS INNPACTO 12	20/01/2023	1%	446,595.00	Annually	199,481.16	178,321.88	377,803.04	300,857.38	120,194.02	421,051.40
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS RETOS	01/02/2027	0%	156,811.75	Annually	156,811.75	-	156,811.75	156,811.75	-	156,811.75
CORPORACION TECNOLOGICA DE ANDALUCIA CIRCOFLY	31/01/2032	0%	109,856.00	Annually	72,057.97	-	72,057.97	47,777.44	-	47,777.44
MINISTRY OF SCIENCE AND INNOVATION	01/02/2028	0%	92,791.00	Annually	78,782.03	-	78,782.03	-	-	-
MINISTRY OF SCIENCE AND INNOVATION	01/02/2028	0%	255,407.00	Annually	216,847.34	-	216,847.34	-	-	-
BIOBIDE A.C.	-	0%	845,000.00	Annually	328,616.49	80,869.98	409,486.47	328,616.49	80,869.98	409,486.47
BIOBIDE A.M.	-	0%	845,000.00	Annually	328,616.49	80,869.98	409,486.47	328,616.49	80,869.98	409,486.47
HK PARTNER	-	0%	813.01	Single instalment	813.01	-	813.01	813.01	-	813.01
UNIVEN	-	0%	305,652.00	Fractional	-	150,000.78	150,000.78	-	236,521.78	236,521.78
OTHER PAYABLES FROM INTEREST	2019	0%	7,299.00	Annually	-	-	-	-	17,207.61	17,207.61
BIC BERRILAN	30/06/2020	6-month EUR	43,000.00	Biannually	4,300.00	8,600.00	12,900.00	4,300.00	12,900.00	17,200.00
BASQUE GOVERNMENT	01/07/2022	0%	46,678.66	Biannually	21,636.16	9,233.35	30,869.51	25,721.98	9,234.48	34,956.46
OTHER AGENCIES	30/12/2019	0%	51,095.77	Annually	-	-	-	-	48,466.36	48,466.36
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS	01/02/2027	0%	191,119.50	Annually	171,616.94	16,586.13	188,203.07	188,203.07	4,736.93	192,940.00
MINISTRY OF ECONOMY, INDUSTRY AND COMPETITIVENESS	01/02/2027	0%	236,967.50	Annually	253,137.24	16,351.12	269,488.36	269,488.36	3,608.64	273,097.00
OTHER DEBTS	30/12/2019	0%		Annually	-	61,299.36	61,299.36	-	(344.72)	(344.72)
EQUA CERTIFICATES	30/12/2019	0%	3,004.63	Annually	-	-	-	-	3,004.63	3,004.63
					22,851,587.31	**9,422,663.35**	**32,274,250.66**	**25,073,681.01**	**2,764,607.93**	**27,838,288.94**

The Group holds financial liabilities guaranteed by land (Note 9), for a total of EUR 895,463.00 (EUR 994,958.90 in 2018). The value of guaranteed assets at 30 June 2019 amounts to EUR 429,603.77 (EUR 429,603.77 in 2018).

Agencia de Innovación Financiación e Internacionalización Empresarial

Antibióticos de León presented as short-term its financial liabilities with the Enterprise Innovation, Finance and Internationalisation Agency, having not received the express prior consent of said agency to establish or allow real guarantees, liens or encumbrances of any nature to be placed on the assets or rights of Antibióticos de León in favour of third-party creditors.

On 27 July 2018 Antibióticos de León presented an extension request for execution of the project. As a consequence, the loan was reclassified to long-term in FY 2018.

On 1 August 2018 the Group received written consent from the Innovation, Finance and Internationalisation Agency to extend the justification period for the grant received until 29 November 2019.

The terms of the loan limit the possibility of distributing dividends to the prior fulfilment of a series of requirements.

Ministry of Industry, Energy and Tourism

The Company Antibióticos de León has been granted by the Ministry of Industry, Energy and Tourism a financial support grant for the reindustrialisation and development of industrial competitiveness for an amount of EUR 15,590,499.00, awarded on 29 December 2016. This grant represents 75% of the total eligible budget of the project, which amounts to EUR 20,787,332.00.

The activities initially put forward by Antibióticos de León for the grant focused on increasing production capacity in the sterile plant, oral and micronised mixtures zone, fermentation and non-penicillin products, and improvements in the process of extraction and purification of compounds, and purchases of cutting-edge equipment for the reconstruction of production equipment. Antibióticos de León originally had to submit evidence of these actions to the Ministry in May 2018. In parallel, Antibióticos de León submitted a new report to the Ministry, requesting an extension and change in the initial purpose of the loan. On 10 July 2018 it received notification from the Ministry stating that the deadline for committing investments of expenses not yet incurred would be 24 February 2019 and for the submission of the payment documents issued, 24 May 2019. The justification of the investments committed to account for 85% of the aforementioned total eligible budget, namely EUR 17,700,096.00. The Company presented a deferral request to the Ministry, but has not yet received a reply, for example those payments made after 24 May 2019, amounting to EUR 1,823,051.78. By the date of formulation of these consolidated interim financial statements, the total payments accumulated by the Company amount to a figure of EUR 12,514,039.37.

At 30 June 2019 the Group proceeded to classify to short-term the EUR 2,315,426.99 corresponding to the part of the loan that was ultimately not invested.

Sodical

On 5 October 2018, ADE Capital Sodical, S.C.R. granted a loan to Antibióticos de León for the amount of EUR 5,000,000.00, as a contribution to financing the project for the modernisation of its facilities, expansion of its production capacity and growth of the León plant. The loan matures on 30 September 2025 and has a fixed interest rate of EURIBOR +2% and a variable interest linked to obtaining a Net Turnover Amount. A grace period of three (3) years was also established.

22. Trade and other accounts payable

The composition at 30 June 2019 and 31 December 2018 is as follows:

Trade and other accounts payable	30.06.2019 (unaudited)	31.12.2018 (audited)
Suppliers	4,352,692.54	5,289,772.81
Sundry accounts payable	5,202,207.50	3,980,383.45
Employee receivables	630,192.94	631,364.77
Total	**10,185,092.98**	**9,901,521.03**

23. Public authorities and tax situation

The breakdown of the balances with Public Authorities at 30 June 2019 and 31 December 2018 is as follows:

	30.06.2019 (unaudited)			31.12.2018 (audited) Re-expressed		
	Non-current	Current	Total	Non-current	Current	Total
Receivables from Public Authorities						
Deferred tax assets	**4,806,187.48**	**-**	**4,806,187.48**	**4,806,187.48**	**-**	**4,806,187.48**
Current tax assets	**-**	**166,742.93**	**166,742.93**	**-**	**163,305.48**	**163,305.48**
Other receivables from public authorities.-	**-**	**2,386,362.86**	**2,386,362.86**	**-**	**1,495,853.52**	**1,495,853.52**
Tax receivables for VAT	-	2,385,320.13	2,385,320.13	-	1,473,110.68	1,473,110.68
Tax receivables for withholdings	-	1,042.73	1,042.73	-	22,742.84	22,742.84
Payables to Public Authorities:						
Deferred tax liabilities	**941,180.06**	**-**	**941,180.06**	**951,544.56**	**-**	**951,544.56**
Other payables to public authorities.-	**-**	**640,026.83**	**640,026.83**	**-**	**627,984.56**	**627,984.56**
Tax payables for withholdings	-	250,651.90	250,651.90	-	223,945.50	223,945.50
Tax payables for VAT	-	55,058.86	55,058.86	-	99,599.14	99,599.14
Tax payables for subsidies to be refunded	-	19,863.13	19,863.13	-	20,208.13	20,208.13
Payables to Social Security institutions	-	314,452.94	314,452.94	-	284,231.79	284,231.79

Tax situation

The Group has its applicable taxes open for review by the tax authorities for financial years 2014 to 2018. These taxes cannot be considered definitively closed until the end of the four-year prescription period.

At 30 June 2019 the subsidiary Antibióticos de León, S.L.U. had partial inspections open for Corporation Tax for the financial years 2014 and 2015. The Directors of the Parent Company do not expect any future inspection to give rise to liabilities having a significant impact on the accompanying balance sheet, and so no provision has been made for this item.

Deferred tax assets and liabilities

The difference between the tax charged to the result at 30 December 2019 and at 31 December 2018 and the previous financial years, and the amount of tax paid or that will have to be paid for those years, is recorded in the "Deferred tax assets" or "Deferred tax liabilities" accounts, as appropriate. Deferred taxes have been calculated by applying the current nominal tax rate to the relevant amounts.

The composition and changes in these captions of the balance sheet at 30 June 2019 and 31 December 2018 are as follows:

	Balance at 31.12.2018 (audited)	Additions	Disposals	Balance at 30.06.2019 (unaudited)
Deferred tax assets				
Assets from deductible temporary differences	70,192.24	-	-	70,192.24
Assets from deductions and credits	2,979,519.94	-	-	2,979,519.94
Tax credit from losses	1,756,475.30	-	-	1,756,475.30
Total	**4,806,187.48**	**-**	**-**	**4,806,187.48**

	Balance at 31.12.2018 Re-expressed	Additions	Disposals	Balance at 30.06.2019
Deferred tax liabilities	951,544.56	129,399.39	(139,763.89)	941,180.06
Total	**951,544.56**	**129,399.39**	(139,763.89)	**941,180.06**

FY 2018

	Balance at 31.12.2017	Entries from business combination	Additions	Disposals	Balance at 31.12.2018
Deferred tax assets					
Assets from deductible temporary differences	70,192.24	-	-	-	70,192.24
Assets from deductions and credits	144,221.52	2,836,061.30	-	(762.88)	2,979,519.94
Tax credit from losses	1,056,024.16	700,451.14	-	-	1,756,475.30
Total	**1,270,437.92**	**3,536,512.44**	**-**	**(762.88)**	**4,806,187.48**

	Balance at 31.12.2017	Entries from business combination	Additions	Disposals	Balance at 31.12.2018 Re-expressed
Deferred tax liabilities	10,453.79	940,316.46	160,061.96	(148,833.86)	951,544.56
Total	**10,453.79**	**940,316.46**	**160,061.96**	**(148,833.86)**	**951,544.56**

The Group estimates, with a high degree of probability, that the tax credits posted will be recoverable within 10 years of their posting.

Corporate income tax

The reconciliation of the book result at 31 December 2018 and the taxable base for Corporation Tax is as follows.

	31.12.2018		
	Increase	Decrease	Total
Accounting profit			**(16,689,658.38)**
Corporate income tax	(121,041.20)	-	(121,041.20)

Permanent differences	**127,684.10**	**-**	**127,684.10**
Temporary differences	**-**	**(960,616.13)**	**(960,616.13)**
Arising in the year	-	(47,978.17)	(47,978.17)
From previous years	-	(912,637.96)	(912,637.96)
Taxable base (tax result)			**(17,643,631.61)**

During the first half of 2019, no income or expenses from Corporation Tax were recorded.

Deductions are pending for investment and employment in research and development projects and for donations, and assets from temporary differences, the amounts and deadlines thereof being as follows:

DEDUCTIONS PEND. INVESTMENT AND EMPLOYMENT				DONATIONS			
Year	**Euros**	**Last year**	**Capitalised/Not capitalised**	**Year**	**Euros**	**Last year**	**Capitalised/Not capitalised**
2007	96,120.62	2025	Capitalised	2009	8,199.80	2019	Capitalised
2008	226,483.02	2026	Capitalised	2010	31,500.00	2020	Capitalised
2009	284,652.18	2027	Capitalised	2011	21,000.00	2021	Capitalised
2010	239,099.66	2028	Capitalised	2012	7,000.00	2022	Capitalised
2011	350,035.88	2029	Capitalised	2013	7,000.00	2023	Capitalised
2012	334,615.44	2030	Capitalised	2014	7,000.00	2024	Capitalised
2013	371,631.81	2031	Capitalised	2015	7,500.00	2025	Capitalised
2014	260,437.08	2032	Capitalised	2016	22,456.02	2026	Capitalised
2015	400,128.92	2033	Capitalised	2017	8,000.00	2027	Capitalised
2016	88,106.41	2034	Capitalised	2018	6,000.00	2028	Capitalised
2017	53,720.60	2035	Capitalised				
2018	148,832.50	2036					
	2,853,864.12				**125,656**		

2016	168,934.15	2034	Not capitalised	2017	2,770.29		Not capitalised
2017	296,251.35	2035	Not capitalised	2018	2,519.12		Not capitalised
	465,185.50				**5,289.41**		

ASSETS FROM DEDUCTIBLE TEMPORARY DIFFERENCES		
Year	**Euros**	**Capitalised/Not capitalised**
2016	70,192.68	Capitalised
	70,192.68	

DEDUCTIONS FOR PENDING BINs		
Year	Euros	Capitalised/Not capitalised
2012	5,978.02	Capitalised
2015	257,307.94	Capitalised
2016	1,406,535.99	Capitalised
2017	86,653.35	Capitalised
	1,756,475.30	

2017	2,967,407.25	Not capitalised
2018	4,478,333.88	Not capitalised
	7,445,741.14	

24. Income and expenses

24.1 Turnover

The Management manages the Group considering all the activities under two different segments following the reverse acquisition described in Note 6:

	Euros	
	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Goods	5,172,554.49	702,368.54
Finished goods	9,205,801.68	3,274,575.53
Other sales	266,859.90	163,487.71
Services	4,767,841.43	3,452,896.31
Total	**19,413,057.50**	**7,593,328.09**

The net turnover from the Group's ordinary business is distributed geographically as follows:

	Euros	
	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Europe	47.79%	81.69%
America	51.36%	18.02%
Asia	0.84%	0.3%
	100.00%	**100.00%**

24.2 Changes in inventories of finished goods and work in progress

The composition of this caption of the accompanying profit and loss account at 30 June 2019 and 30 June 2018 is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Finished goods	812,684.68	58,568.04
Work in progress	456,536.11	(816,813.28)
Reversal of finished goods and work in progress	-	328,831.27
Total	**1,269,220.79**	**(429,413.97)**

24.3 Sourcing

The composition of this caption of the accompanying profit and loss account at 30 June 2019 and 30 June 2018 is as follows:

At 30 June 2019

	Purchases	Change in inventories	Total Consumption (unaudited)
Goods	509.62	(409.66)	99.96
Raw materials and other consumables	8,584,336.61	(74,142.13)	8,510,194.48
Work performed by other companies	987,917.01	-	987,917.01
Total	**9,572,763.24**	**(74,551.79)**	**9,498,211.45**

At 30 June 2018

	Purchases	Change in inventories	Total Consumption (unaudited)
Goods	25.68	456.92	482.60
Raw materials and other consumables	2,704,189.38	60,587.21	2,764,776.59
Work performed by other companies	336,472.72	-	336,472.72
Total	**3,040,687.78**	**61,044.13**	**3,101,731.91**

24.4 Other operating income

The composition of this caption of the accompanying profit and loss account at 30 June 2019 and 30 June 2018 is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Non-operating income and other operating income	1,260,352.78	909,966.79
Operating grants transferred to result for the year	87,709.44	31,862.36
Total	**1,348,062.22**	**941,829.15**

At 30 June 2019, Antibióticos de León has leased 5 industrial and office premises, in addition to providing maintenance services, utilities, laboratories, administrative management, computer services and a range of related services to Wacker Biosolutions León, invoicing a total of EUR 1,091,229.16 for these items (EUR 336,845.96 at 30 June 2018 (see Note 24.7).

24.5 Staff costs

The composition of this caption of the accompanying profit and loss account at 30 June 2018 and 2019 is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Wages and Salaries	5,987,509.98	4,345,137.16
Compensation	3,398.96	6,079.78
Social security payable by employer	1,575,088.16	1.,145,420.59
Other welfare expenses	22,573.80	62,933.22
Total	**7,588,570.90**	**5,559,570.75**

Some Senior Management members are also beneficiaries of certain percentages of Company capital and other salary supplements, such as life insurance, company vehicles and social benefits, as part of their performance compensation.

The average workforce is detailed below, grouped by category at 30 June 2019 and 2018:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Management and Senior Management	14	13
Scientific, intellectual and support technicians and professionals	99	116
Other qualified staff	229	167
TOTAL	**342**	**296**

The workforce at year-end, grouped by category and differentiated by gender, is broken down as follows:

At 30 June 2019

	No. WORKERS	MEN	WOMEN
Management and Senior Management	15	10	5
Scientific, intellectual and support technicians and professionals	99	52	47
Other qualified staff	241	198	43
TOTAL	**355**	**260**	**95**

At 30 June 2018

	No. WORKERS	MEN	WOMEN
Management and Senior Management	13	9	4
Scientific, intellectual and support technicians and professionals	129	80	49
Other qualified staff	172	143	29
TOTAL	**314**	**232**	**79**

24.6 Other operating expenses

The composition of this caption of the accompanying profit and loss account at 30 June 2019 and 2018 is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
R&D costs	22,324.94	2,241.80
Leased goods and fees	115,701.25	133,639.08
Repairs, maintenance and conservation	421,307.89	788,929.55
Independent professional services	960,708.94	1,462,437.41
Transport	92,807.40	112,933.17
Insurance Premiums	108,586.89	92,702.84
Banking services	80,491.04	50,443.99
Advertising and publicity	16,054.88	29,159.44
Utilities	2,924,661.37	2,353,458.27
Other services	1,445,568.26	1,214,766.62
Other taxes	274,974.44	249,376.96
Losses, impairment and changes in commercial operating provisions	25,850.00	58,913.60
Other administrative expenses	13.59	8.26
Total	**6,489,050.89**	**6,549,010.99**

At 30 June 2019 a reduction is recorded in the contracting of independent professional services compared with the same period in 2018 as a consequence of the business combination which occurred in the financial year 2018 (Note 6).

At 30 June 2019 a significant increase may be seen in the entry for supplies as a result of the increase in activity and production mainly at the subsidiary Antibióticos de León, S.L.U.

24.7 Profit/(loss) on fixed asset disposal

On 16 December 2016, Antibióticos de León signed a main asset sale operation with Wacker Biosolutions León, S.L.U. This operation is part of a contract of sale notarised on 21 December 2016, on which date annexed agreements were signed to provide support over time to the main sale operation.

The main features of the contracts forming the sales operation are as follows:

- Asset Purchase Agreement (APA):

  The subject-matter is the sale of part of the facilities owned by Antibióticos de León and the commitment for the future transfer of 14 production workers, which took place on 31 January 2018. The facilities covered by the sales operation are one of the three fermentation units held by Antibióticos de León, together with the facilities required for the subsequent processing of the fermented products.

  This asset sale operation was reviewed by legal consultants of both parties, who concluded that the object was the transfer of a production unit as set out in Article 7.1 of the Value Added Tax (VAT) Act. The operation was therefore not subject to VAT.

  The effective transfer of the facilities, and hence their ownership, understood to include the transfer of all risks and rewards incidental thereto, took place on 21 December 2016, this being the main framework agreement of the operation, which sets down the commitment by both parties to collaboration and joint work in the factory facilities. This commitment is framed by the contracts listed below.

  As a result, Antibióticos de León recorded the surplus resulting from the disposal of its assets in the profit and loss statement for financial year 2016:

	31.12.2016
Asset cost cancellation	(2,792,629.75)
Accumulated depreciation	84,751.96
Sale price	9,553,879.04
Surplus	**6,846,001.25**

  The amount of the asset sale is EUR 9,553,879.04, of which EUR 9,053,879.04 were received on 21 December 2016 and EUR 500,000.00 were withheld until the end of the Asset Lease Agreement (see below) and were outstanding receivables as at February 2018. Finally, following agreement between the parties, the amount collected in March 2018 was EUR 294,211.34.

- Asset Lease Agreement (ALA):

  Agreement between the parties under the terms of which Wacker Biosolutions León, S.L.U., the owner of the assets, proceeds to lease to Sociedad Antibióticos de León part of the facilities that had previously been transferred to it by the Company under the APA agreement. Antibióticos de León proceeds furthermore to lease the media preparation facilities. 3 fermenters in the first quarter of the financial year 2017, 4 for the remaining quarters of 2017.

This agreement is operative from 1 January 2017. Antibióticos de León is invoiced on a monthly basis for the leasing of the fermenters and media preparation facilities.

The agreement was initially scheduled to end on 31 December 2017 but this date was changed to 31 January 2018, following agreement between the two parties. Following conclusion of this agreement, the Framework Agreement on Fermentation and Media Preparation Services (FSA) takes effect.

- Non-Residential Property Lease Agreement (PLA):

Agreement whereby Antibióticos de León leases the industrial structures and land which are the site of the facilities transferred under the APA to Wacker Biosolutions León, S.L.U.

On 1 January 2017, Antibióticos de León began leasing 3 of the 5 industrial premises included in the aforesaid agreement, and on 1 February 2018 it leased the remaining 2 industrial premises. At 30 June 2019, the invoiced amount recorded under the 'Other operating income' caption of the profit and loss account amounts to EUR 117,843.57 (EUR 100,920.00 at 30 June 2018) (see Note 24.4).

This agreement is scheduled to end on 31 January 2028, although the parties may agree to renew the agreement automatically for 3-year periods, up to a maximum of 9 years. Such renewal must be requested by the lessee and will automatically be approved by the Company.

The future minimum leasehold revenues from the operating lease are as follows:

	Minimum income	
	30.06.2019 (Unaudited)	**30.06.2018 (Unaudited)**
Up to one year	219,440.16	218,484.00
Between one and five	877,760.64	873,936.00
Over 5 years	786,327.24	1,056,006.00
Total	**1,883,528.04**	**2,148,426.00**

- Framework Agreement on Fermentation and Media Preparation Services (FFA):

From the financial year 2018 onwards, Wacker Biosolutions León. S.L.U. undertook by means of this agreement to provide any production services that might be requested by the company Antibióticos de León, to be invoiced in accordance with the agreed terms.

According to the agreement, Antibióticos de León reserves two fermenters owned by Wacker Biosolutions León, S.L.U. for an initial period of 18 months, with a possible extension for a further 12 months, for a monthly charge of EUR 18,150.00.

- Framework Service Agreement (FSA):

The Company began in the financial year 2017 to provide various services for Wacker Biosolutions León, S.L.U., allowing the latter to conduct its operations. These services include routine maintenance works, utilities, laboratories, administrative management, computer service and a range of services required to allow it to operate normally at its facilities.

The annual sum of EUR 528,149.01 was agreed for the concept of structural costs in 2019 (EUR 457,665.12 in 2018), which will be invoiced by the Company in the financial year and recorded in the profit and loss account under the 'Other Operating Income' caption.

The Company likewise began in February 2017 to lease office space to Wacker Biosolutions León, S.L.U., the amount invoiced by 30 June 2019 being EUR 7,308.00 (EUR 6,216.00 at 30 June 2018), recorded in the profit and loss account under the caption 'Other Operating Income'.

This agreement is scheduled to end on 31 January 2028, although the parties may agree to renew the agreement automatically for 3-year periods, up to a maximum of 9 years.

24.8 Financial costs and income

The breakdown of the financial income and expenditure in the accompanying profit and loss statement at 30 June 2019 and 30 June 2018 is as follows:

	Euros	
	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Financial income:	**3,719.36**	**501.70**
Marketable securities and other financial instruments	3,719.36	501.70
- Third Party	3,719.36	501.70
Financial expenses:	**(899,743.23)**	**(407,462.89)**
Payables to Group and associated companies	(297,814.25)	(79,379.28)
Payables to third parties	(601,928.98)	(328,083.61)
Change in fair value on financial instruments:	**-**	**5,048.44**
Available-for-sale financial assets charged through profit or loss for the period	-	5,048.44
Exchange differences	**(10,855.04)**	**(28,747.43)**
Impairment losses and gains (losses) on disposal of financial instruments	**-**	**(819,921,.63)**
Impairment and losses	-	(819,921.63)
Financial profit/(loss)	**(906,878.91)**	**(1,250,581.81)**

25. Provisions and contingencies

At 30 June 2019 the Group had in place provisions with regard to Environmental Actions, Restructuring, Litigation or Considerations contingent on business combinations for an amount of EUR 155,521.54 (EUR 218,116.48 at 31 December 2018).

During financial year 2015, the controlling company made an advance payment of EUR 850,000 as a deposit and part payment of the purchase of 100% of the shares in a company. Subsequently, a regulatory announcement was issued on 3 December 2015, informing the market that the vendors had communicated their rejection of the joint tender submitted by the Parent Company and an investment partner, having instead opted instead to accept the offer of a third party. Consequently, the Parent Company attempted unsuccessfully to claim reimbursement from the vendors of the sum paid on account, on an amicable basis. Therefore, on 16 March 2016, it filed an ordinary lawsuit for breach of contract and a claim for payment from the vendors at the local court in Madrid, claiming the amounts paid on account and a penalty equal to the amount paid.

The controlling company has contracted KPMG Abogados for the legal defence of the claim. During the course of the process, KPMG Lawyers stated that it was probable (>50% probability) that the claim would be successful and that the amounts claimed could be recovered.

On 9 May 2018 a judgment was handed down dismissing the claim in full and declaring the proper termination of the Purchase Promise Agreement. The Company decided to appeal the decision and record an impairment for that amount. During the first half of 2019, a judgment was received rejecting the appeal filed, with costs awarded against at first and second instance. As a result, a provision of EUR 158,168.85 is recognised, derived from the corresponding appraisal received and accepted, said amount having been paid during the month of June 2019 (Note 12.1).

26. Environmental information

The undersigned, as Directors of the aforementioned Parent Company, state that the 'Other external services' caption of the profit and loss account contains environmental items amounting to EUR 810,653.83 (EUR 451,842.29 at 30 June 2018), excluding the environmental provision (see Note 25), according to the instructions in Part III of the General Accounting Standards (Royal Decree 1514/2007 of 16 November 2007).

At 30 June 2019, the Company posts tangible fixed assets in progress for environmental management at a cost of EUR 3,707,119.61 (EUR 3,218,727.52 at 31 December 2018) (Note 9).

27. Related-party transactions

27.1. Balances and transactions with related parties

The breakdown at 30 June 2019 and 30 June 2018 for the balances payable and receivable with parties related to the Group is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
	Other related parties	Other related parties
Balances receivable		
Non-current payables	**8,739,500.00**	**7,000,000.00**
BTC Tres	5,500,000.00	5,500,000.00
BTC Diez	1,500,000.00	1,500,000.00
BTC Uno	1,739,500.00	-
Unpaid accrued interest	**806,885.08**	**144,602.75**
BTC Tres	564,007.61	51,726.03
BTC Diez	242,877.47	92,876.72
Total	**7,806,885.08**	**7,144,602.75**

On 27 February 2018, BTC Tres S.à.r.l. granted the Company a loan for EUR 4,000,000.00 over 4 years, at a nominal interest rate of 8.00% payable on maturity. With effect from 26 April 2018, the two parties signed an agreement to modify the aforementioned loan agreement by setting a fixed interest rate of 8.00% and a variable interest rate of 0.25% tied to achieving EBIT (earnings before interest and taxes) of more than EUR 30 million, thus converting it to an equity loan.

On 22 May 2018, BTC Tres S.à.r.l. granted the company Antibióticos de León a loan for EUR 1,500,000.00 over 4 years, at a nominal interest rate of 8.00% payable on maturity.

On 28 June 2019, BTC Uno S.à.r.l. granted the company Antibióticos de León a loan for EUR 1,739,500.00 over 4 years, at a nominal interest rate of 15.00% payable on maturity.

Meanwhile, the breakdown of transactions with related parties during the first half of 2019 and 2018 is as follows:

	30.06.2019 (unaudited)	30.06.2018 (unaudited)
Expenditure and dividends.-		
Unpaid accrued interest	**297,814.25**	**79,379.28**
BTC Tres	220,336.37	51,726.03
BTC Diez	77,477.88	27,123.29

- Other related-party transactions

The Group performed operations with other related parties with members of the Board of Directors with regard to professional services during the first half of 2019 for an amount of EUR 10,000.00 (EUR 125,674.04 at 31 December 2018).

The Group holds a 1.99% stake in the company IGEN Biotech, which is a related party of BTC 7 that holds 83.21% of its capital.

28. Events after the reporting period

Subsequent to the closure of these consolidated interim financial statements, the following events took place:

a) On 8 August 2019 the Group, through its subsidiary Antibióticos de León, S.L.U. ("ADL Biopharma"), signed a financing agreement for an amount of EUR 25,000,000, which can be increased by EUR 5,000,000 if so requested by Antibióticos de León S.L.U., in order to increase the productive capacity of the plant in response to growing demand for fermentation reflected in the long-term contracts of the company has signed with clients from a number of different industries, making it a strategic supplier in their value chain. Said operation provides the Group with sufficient finance to complete the implementation of its strategic plan for the next four years, and flexibility for future growth. Specifically, its main uses are to complete the financing of the growth of its activity, through the investments required to finalise the updating and modernisation of the facilities at the factory in León, to refinance debt and finance operating costs.

b) ADL Bionatur Solutions, S.A. through the company Antibióticos de León. S.L.U. ("ADL Biopharma"), signed an addendum to the contract in force with one of the main fermentation clients for 2019, comprising an additional minimum of 2.5 million. This addendum will serve to increase production during the last quarter of the 2019 financial year, expanding production capacity already committed with this client, in response to its growing demand. The client is a leading global company in the nutrition, health and sustainable lifestyle sector, and the addendum refers to the development of a high-value-added food additive.

c) Antibióticos de León, S.L.U. ("ADL Biopharma"), a company of the ADL Bionatur Solutions, S.A. Group, proceeded to renew a contract with one of its main clients for the financial year 2020. The original contract, established for the financial years 2018 and 2019 was modified with two different extensions: the first in June 2018 and 2 December the same year, giving a final aggregate value of more than EUR 20 million. The contract signed to the financial year 2020, with a minimum value of EUR 12 million, establishes production by ADL of five molecules intended for the cosmetics and biofuels industries, with the possibility of renewal over future years.

d) ADL Bionatur Solutions, S.A. through the company Antibióticos de León, S.L.U. ("ADL Biopharma"), signed a collaboration agreement with a major Japanese pharmaceutical company with an initial value of EUR 13 million and a duration of 5 years. This alliance forms part of the Business Division for the Production and Marketing of Active Pharmaceutical Ingredients (APIs), ADL Biopharma's own product, and a field in which this company is a flagship supplier. The Japanese company is one of the world's leading groups in the pharmaceutical market and is particularly prominent in the field of antibiotics, with a firm historical commitment to curing infectious diseases and developing medicines for the central nervous system.

e) ADL Bionatur Solutions, S.A. through the company Antibióticos de León, S.L.U. ("ADL Biopharma"), signed a support and technological services contract on 18 September 2019 with one of its main clients, for a total amount of EUR 2,520,000 euros.

ADL BIONATUR SOLUTIONS, S.A.

Individual Financial Statements
corresponding to the period ended
at 30 June 2019

ADL BIONATUR SOLUTIONS, S.A.
Balance Sheet for the periods ended at
30 June 2019 and 31 December 2018

ASSETS	30.06.2019 (unaudited)	31.12.2018 (audited)	EQUITY AND LIABILITIES	30.06.2019 (unaudited)	31.12.2018 (audited)
A) NON-CURRENT ASSETS	**100,931,596.39**	**101,022,742.74**	**A) SHAREHOLDER EQUITY**	**91,932,943.10**	**92,666,426.73**
I. Intangible fixed assets	**3,262,423.81**	**3,313,912.04**	**A-1) Shareholders' funds**	**90,840,168.54**	**91,507,459.46**
1. Development	3,202,453.66	3,241,263.12	**I. Share capital**	**1,969,453.35**	**1,969,453.35**
2. Patents, licences, trademarks and similar	57,766.62	69,872.21	1. Issued capital	1,969,453.35	1,969,453.35
4. Computer applications	2,203.53	2,776.71	**II. Share premium**	**92,060,136.98**	**92,060,136.98**
II. Tangible fixed assets	**2,772,844.61**	**2,823,693.80**	**III. Reserves**	**2,273,165.28**	**2,215,044.49**
1. Land and structures	2,371,149.31	2,396,348.02	1. Legal and pursuant to bye-laws	58,172.61	58,172.61
2. Plant and other tangible fixed assets	401,695.30	427,345.78	2. Other reserves	2,214,992.67	2,156,871.88
IV. Long-term investments in group and associated companies	**91,507,766.77**	**91,494,916.67**	**IV. (Shares and equity interests)**	**(411,586.36)**	**(375,151.97)**
1. Equity instruments	91,049,875.89	91,049,875.89	**V. Profit/(loss) from prior years**	**(4,447,023.39)**	**(1,684,007.81)**
2. Loans to companies	457,890.88	445,040.78	**VI. Other shareholders' contributions**	**85,000.00**	**85,000.00**
V. Non-current financial investments	**65,463.33**	**67,122.36**	**VII. Profit (loss) for the year.**	**(688,977.32)**	**(2,763,015.58)**
3. Other financial assets	65,463.33	67,122.36	**A-2) Grants, donations and bequests received**	**1,092,774.56**	**1,158,967.27**
VI. Deferred tax assets	**3,323,097.87**	**3,323,097.87**			
B) CURRENT ASSETS	**1,828,130.38**	**1,496,507.70**			
I. Stocks	**42,290.29**	**42,613.44**	**B) NON-CURRENT LIABILITIES**	**7,373,975.66**	**6,505,981.37**
1. Trade	27,661.30	27,251.64	**I. Non-current payables**	**3,577,985.50**	**3,428,830.93**
2. Raw materials and other consumables	14,628.99	15,361.80	1. Bank borrowings	249,127.76	259,731.46
II. Trade and other accounts receivable	**1,602,560.87**	**1,323,841.64**	3. Other financial liabilities	3,328,857.74	3,169,099.47
1. Trade receivables	1,014,756.39	754,117.88	**II. Long-term debts with group and associated companies**	**3,431,728.03**	**2,690,828.03**
2. Clients, group and associate companies	423,170.96	423,170.96	**III. Deferred tax liabilities**	**364,262.13**	**386,322.41**
3. Sundry receivables	2,928.20	2,928.20			
4. Employee receivables	36.64	36.64			
5. Current tax assets	134,243.49	143,017.96			
6. Other receivables from public authorities	27,425.19	570.00	**C) CURRENT LIABILITIES**	**3,452,808.01**	**3,346,842.34**
III. Short-term investments in group and associated companies	**41,546.67**	**41,546.06**	**II. Short-term payables**	**1,757,969.29**	**1,895,531.13**
2. Loans to companies	41,546.67	41,546.06	1. Bank borrowings	674,331.80	670,593.77
IV. Short-term financial investments	**31,204.08**	**31,204.08**	3. Other financial liabilities	1,083,637.49	1,224,937.36
1. Loans to companies	8,597.25	8,597.25	**III. Short-term debts with group and associated companies**	**284,601.71**	**185,756.42**
2. Other financial assets	22,606.83	22,606.83	**IV. Trade and other accounts payable**	**1,410,237.01**	**1,265,554.79**
V. Short-term deferrals and accruals	**19,825.52**	**12,327.21**	1. Suppliers	331,683.20	514,785.30
VI. Cash and cash equivalents	**90,702.95**	**44,975.27**	2. Sundry accounts payable	896,648.41	598,172.18
1. Cash at bank and in hand	29,295.94	4,819.99	3. Employee receivables	84,985.00	-
2. Cash equivalents	61,407.01	40,155.28	5. Other payables to public authorities	96,920.40	152,597.31
TOTAL ASSETS	**102,759,726.77**	**102,519,250.44**	**TOTAL NET EQUITY AND LIABILITIES**	**102,759,726.77**	**102,519,250.44**

ADL BIONATUR SOLUTIONS, S.A.
Profit and Loss Account for the periods ended at
30 June 2019 and 30 June 2018

A) CONTINUING OPERATIONS	30.06.2019 (unaudited)	30.06.2018 (unaudited)
1. Net turnover.	**517,345.89**	**26,871.69**
a) Sales.	216,191.74	17,160.39
b) Services.	301,154.15	9,711.30
2. Changes in inventories of finished goods and work in progress.	-	-
3. In-house work on assets.	302,962.01	318,194.00
4. Sourcing.	**(172,895.34)**	**(40,398.44)**
a) Consumption of goods.	(99.96)	(1,042.77)
b) Consumption of raw materials and other consumables.	(37,877.07)	(32,162.40)
c) Work performed by other companies.	(134,918.31)	(7,193.27)
5. Other operating income.	**87,132.05**	**14,179.70**
a) Non-operating income and other operating income.	3.52	835.91
b) Operating grants included in income/loss for the period.	87,128.53	13,343.79
6. Staff costs.	**(471,601.52)**	**(433,930.03)**
a) Wages, salaries, et al.	(391,213.45)	(357,530.69)
b) Staff welfare expenses.	(80,388.07)	(76,399.34)
7. Other operating expenses.	**(343,570.71)**	**(584,091.21)**
a) External services.	(332,222.55)	(503,455.75)
b) Taxes.	(11,337.07)	(2,827.56)
c) Losses, impairment and changes in commercial operating provisions	-	(77,807.90)
d) Other administrative expenses.	(11.09)	-
8. Depreciation of fixed assets.	**(421,255.33)**	**(359,213.96)**
9. Non-financial and other capital grants recognised in profit and loss.	**184,097.48**	**114,473.58**
11. Other Results	**(160,022.96)**	**(20,892.15)**
a) Exceptional expenses	(160,022.96)	(20,892.15)
A.1) OPERATING INCOME (1+2+3+4+5+6+7+8+9+10+11+12)	**(477,808.43)**	**(964,806.82)**
12. Financial income.	**1,301.74**	**5,842.35**
a) From investments in equity instruments.	1,301.74	-
a1) At group and associated companies.	1,301.74	-
a2) At third parties.	1,301.74	-
b) Marketable securities and other financial instruments.	-	5,842.35
b1) Group and associated companies.	-	5,835.55
b2) Third-party.	-	6.80
13. Financial expenses.	**(211,826.57)**	**(58,387.42)**
a) On payables to Group and associated companies.	(101,939.59)	(3,977.06)
b) On debts with third parties.	(109,886.98)	(54,410.36)
14. Exchange differences.	**(644.06)**	**(526.14)**
15. Impairment losses and gains (losses) on disposal of financial instruments.	**-**	**(850,099.00)**
a) Impairment and losses 16.	-	(850,099.00)
b) Income/loss from disposals and others 16.	-	-
A.2) FINANCIAL RESULTS (12+13+14+15)	**(211,168.89)**	**(903,170.21)**
A.3) PROFIT/(LOSS) BEFORE TAXES (A.1+A.2)	**(688,977.32)**	**(1,867,977.03)**
16. Corporate income tax.	-	-
A.4) PROFIT (LOSS) FOR THE YEAR FROM ONGOING OPERATIONS (A.3+17)	**(688,977.32)**	**(1,867,977.03)**
B) DISCONTINUED OPERATIONS		
17. Result of the year from discontinued operations after taxes	-	-
A.5) PROFIT/(LOSS) FOR THE FINANCIAL YEAR (A.4+18)	**(688,977.32)**	**(1,867,977.03)**

PREPARATION OF THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT 30 June 2019*

The Board of Directors of the Company ADL BIONATUR SOLUTIONS, S.A., in compliance with the requirements set out in Article 253 of the Spanish Companies Act and Article 37 of the Code of Commerce, proceeded on 9 October 2019 to formulate the Abbreviated Interim Financial Statements for the period between 1 January and 30 June 2019, comprising the attached documents that preceding this text.

*Translation of Abbreviated Consolidated Interim Financial statement originally signed in Spanish. In the event of a discrepancy, the Spanish- language version prevails

Mr Roberto Ramón González de Betolaza García	Ms María del Pilar de la Huerta Martínez
Mr Víctor Manuel Infante Viñolo	Mr Emilio Moraleda Martínez
Mr Juan Fernando Naranjo Quintero	Mr José Manuel de la Infiesta Rollán
Mr Benito Damián Rubido Ramonde	Mr Carlos Javier Tusquets Trias de Bes, as representative of Tusquets Consultores, S.L.
Mr Juan Azcona de Arriba	Mr Jerónimo Herrero Manso